

**LOWER GWYNEDD TOWNSHIP
SPRING HOUSE, PENNSYLVANIA
DECEMBER 31, 2025**

LOWER GWYNEDD TOWNSHIP
YEAR ENDED DECEMBER 31, 2025
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the date that the financial statement date, including currently know information that may raise substantial doubt shortly thereafter.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Adoption of Governmental Accounting Standards Boards Statements

The Township adopted the provision of Governmental Accounting Standards Board's Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4-15, budgetary comparison information on pages 59-61, pension fund schedules on pages 62-65, and the OPEB schedules on pages 66-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The budgetary comparison information and combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements on pages 69-72 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2026 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
May 28, 2026

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Management's discussion and analysis ("MD&A") of the financial performance of Lower Gwynedd Township, Spring House, Pennsylvania (the "Township") provides an overview of the Township's financial performance for fiscal year ended December 31, 2025. Readers should also review the basic financial statements and related notes to enhance their understanding of the Township's financial performance.

TOWNSHIP PROFILE

The Township was established in 1891 and operates as a Township of a second class under the Township Code of Pennsylvania which is governed by an elected five-member Board of Supervisors. The Township is located in south central Montgomery County, Pennsylvania. The Township encompasses 9.4 square miles, which includes the geographic areas of Gwynedd, Gwynedd Valley, Penllyn and Spring House. From these villages has grown a community joined in a commitment to provide a safe, productive and prosperous environment in which to reside, raise a family and conduct business. With the City of Philadelphia situated approximately 17 miles to the east and easy access to the Pennsylvania Turnpike, Schuylkill Expressway, Interstate 476 and the Route 202 and Route 422 corridors, Lower Gwynedd Township is truly strategically located for the projected growth into the 21st Century.

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets and deferred outflows of resources of the Township exceeded liabilities and deferred inflows of resources resulting in total net position at the close of the 2025 fiscal year of \$66,941,720. During the 2025 fiscal year, the Township had an increase in total net position of \$2,200,174. The net position of the governmental activities increased by \$1,968,775 and net position of business-type activities increased by \$231,399.
- As of the close of the 2025 fiscal year, the Township's governmental funds reported combined ending fund balances of \$22,427,106 a decrease of \$2,209,450 in comparison with the prior year.
- The General Fund reported an increase in fund balance of \$772,791, bringing the cumulative balance to \$8,641,848 at the conclusion of the 2025 fiscal year.
- General Fund revenues and other financing sources were \$667,232 more than budgeted amounts and General Fund expenditures and other financing uses were \$334,174 more than budgeted amounts resulting in a net positive variance of \$333,058.
- The Township's 2025 total real estate tax rate of 1.223 mills has remained the same since 2012.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The Statement of Net Position presents information on all of the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Township is improving or deteriorating. To assess the Township's overall health, the reader will need to consider additional non-financial factors such as changes in the Township's tax base and the condition of the Township's assets.

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the Township's activities are divided into two categories:

Governmental Activities

Most of the Township's basic services are included here, such as general administration, public safety, health and human services, public works, culture and recreation and community development.

Business-type Activities

The Township's business-type activities charge a fee to customers to help cover all or most of the cost of certain services it provides. The Township's sewer and stormwater systems are reported as business-type activities.

The government-wide financial statements can be found on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Township's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the Township's basic services are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The Township maintains 9 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for each of the five major funds and the nonmajor governmental funds.

The Township adopts an annual appropriated budget for its General, Traffic Impact and Highway Aid Funds. A budgetary comparison schedule has been provided for the General, Traffic Impact and Highway Aid Funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

Township maintains one type of proprietary fund. All of the Township's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for the Sewer Operating Fund, Sewer Reserve Fund and the Stormwater Fund.

The proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

The Township is the trustee, or fiduciary, for its employees' pension plans, other postemployment benefit plan and escrows funds. Fiduciary funds are not reflected in the government-wide financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township has an Escrow Fund, Other Postemployment Benefits Trust Fund and three pension trust funds (Police, Nonuniform Defined Benefit and Nonuniform Defined Contribution).

The fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 27 through 58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, Traffic Impact Fund and Highway Aid Fund and schedules concerning the Township's net pension liability (asset) and pension contributions and changes in its net other post-employment benefits liability (asset) and OPEB contributions, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on pages 59 through 72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Township's financial condition. At the close of the 2025 fiscal year the Township's assets and deferred outflows exceeded liabilities and deferred inflows by \$66,941,720. The following table presents condensed information for the Statement of Net Position of the Township on December 31, 2025 and 2024.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current Assets	\$ 23,298,144	\$ 25,213,368	8,889,721	\$ 8,954,402	\$ 32,187,865	\$ 34,167,770
Noncurrent Assets	42,382,020	36,513,805	2,329,110	2,379,842	44,711,130	38,893,647
Total Assets	65,680,164	61,727,173	11,218,831	11,334,244	76,898,995	73,061,417
Deferred Outflows						
Deferred Charges - OPEB	42,217	63,411	-	-	42,217	63,411
Deferred Charges - Pensions	271,828	909,609	-	-	271,828	909,609
Total Deferred Outflows	314,045	973,020	-	-	314,045	973,020
Liabilities						
Current Liabilities	979,558	568,451	249,544	625,272	1,229,102	1,193,723
Noncurrent Liabilities	4,842,948	6,763,193	-	-	4,842,948	6,763,193
Total Liabilities	5,822,506	7,331,644	249,544	625,272	6,072,050	7,956,916
Deferred Inflows						
Deferred Credits - Lease Receivable	545,842	701,156	-	-	545,842	701,156
Deferred Credits - OPEB	718,538	350,422	-	-	718,538	350,422
Deferred Credits - Pensions	2,934,460	427,628	-	-	2,934,460	427,628
Total Deferred Inflows	4,198,840	1,479,206	-	-	4,198,840	1,479,206
Net Position (Deficit)						
Net Investment in Capital Assets	34,294,965	35,524,440	2,301,833	2,379,842	36,596,798	37,904,282
Restricted	10,698,024	2,411,836	-	-	10,698,024	2,411,836
Unrestricted	10,979,874	16,067,812	8,667,454	8,357,616	19,647,328	24,425,428
Total Net Position (Deficit)	\$ 55,972,863	\$ 54,004,088	\$ 10,969,287	\$ 10,737,458	\$ 66,942,150	\$ 64,741,546

The Township's total assets as of December 31, 2025 were \$76,898,995 of which \$31,770,717 consisted of unrestricted cash, \$112,684 of Restricted Cash, \$962,990 in receivables, \$2,612,858 of net pension and OPEB assets, and \$41,439,746 consisted of the Township's investment in capital assets. The Township's total liabilities as of December 31, 2025 were \$6,072,050 of which \$4,842,948 consisted of general obligation debt.

The Township had an unrestricted net position of \$19,647,328 on December 31, 2025. The Township's unrestricted net position decreased by \$4,778,100 during 2025 primarily due to the purchase of land for the public works building.

A portion of the Township's net position reflects its restricted net position which totaled \$10,698,024 as of December 31, 2025. The restricted net position relates to the net position of special revenue funds.

The largest portion of the Township's net position reflects its net investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to residents of the Township; 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 repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2025, the Township's net investment in capital assets decreased by \$1,307,914 due to asset additions being less than depreciation for the year.

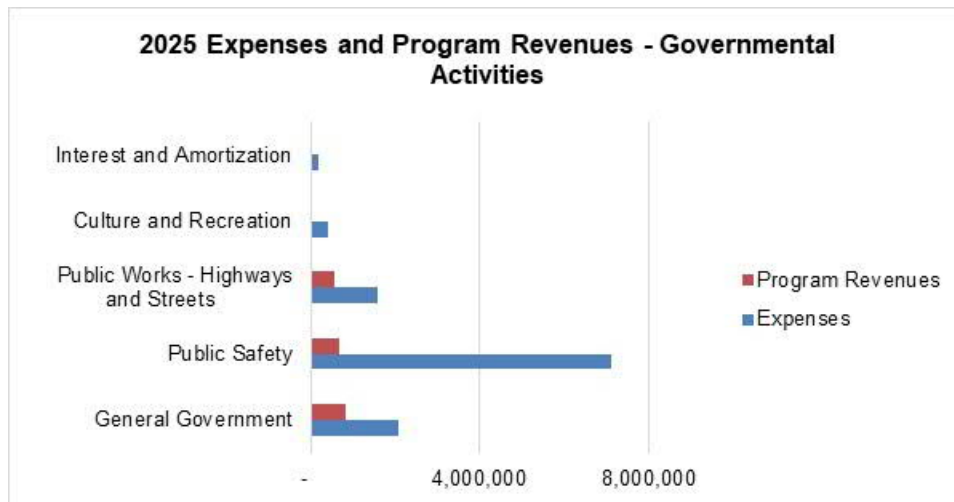
The following table presents condensed information for the Statement of Activities of the Township for 2025 and 2024:

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 1,092,601	\$ 1,049,268	\$ 2,931,194	\$ 2,928,869	\$ 4,023,795	\$ 3,978,137
Operating Grants and Contributions	973,642	1,145,022	9,291	64,497	982,933	1,209,519
Capital Grants and Contributions	-	3,639,495	-	-	-	3,639,495
General Revenues						
Property Taxes Levied for General Purposes	1,732,321	1,744,798	-	-	1,732,321	1,744,798
Earned Income Taxes Levied for General Purposes	6,087,985	5,691,265	-	-	6,087,985	5,691,265
Other Taxes	2,182,519	1,658,110	-	-	2,182,519	1,658,110
Investment Income	1,151,593	1,039,223	-	308,311	1,151,593	1,347,534
Miscellaneous	8,949	404,130	-	-	8,949	404,130
Total Revenues	13,229,610	16,371,311	2,940,485	3,301,677	16,170,095	19,672,988
Expenses						
General Government	2,090,798	2,242,693	-	-	2,090,798	2,242,693
Public Safety	7,111,780	7,016,503	-	-	7,111,780	7,016,503
Public Works - Highways and Streets	1,577,943	1,670,430	-	-	1,577,943	1,670,430
Culture and Recreation	407,107	582,112	-	-	407,107	582,112
Interest and Amortization	179,054	221,125	-	-	179,054	221,125
Sewer and Stormwater	-	-	2,938,707	3,479,354	2,938,707	3,479,354
Total Expenses	11,366,682	11,732,863	2,938,707	3,479,354	14,305,389	15,212,217
Change in Net Position (Deficit) Before Transfers	1,862,928	4,638,448	1,778	(177,677)	1,864,706	4,460,771
Transfers	105,847	15,065	(105,847)	(15,065)	-	-
Change in Net Position (Deficit)	<u>\$ 1,968,775</u>	<u>\$ 4,653,513</u>	<u>\$ (104,069)</u>	<u>\$ (192,742)</u>	<u>\$ 1,864,706</u>	<u>\$ 4,460,771</u>

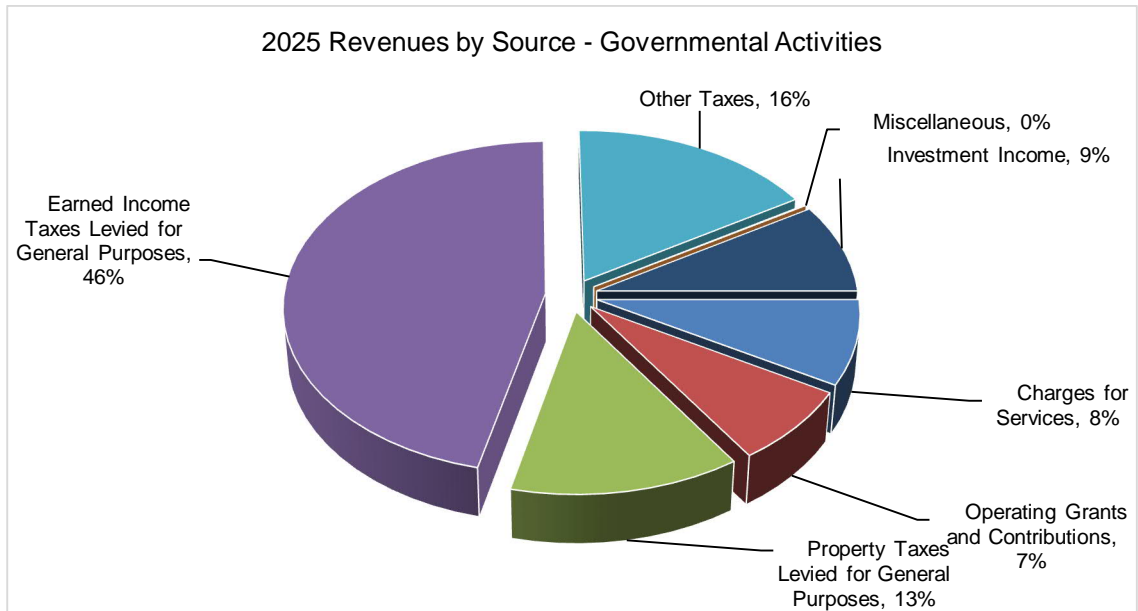
Overall, the Township's financial position has been improving, but challenges such as increased medical costs and pension contributions, rising costs associated with inflation and residential and commercial development and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the Township continues to implement cost efficiencies and revenue-generating strategies to combat these factors.

The Statement of Activities provides details that focus on how the Township finances its services. The Statement of Activities compares the costs of the Township functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the Township's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the Township's functions or programs cost more than they raise, the Statement of Activities shows how the Township chose to finance the difference through general revenues. The following chart shows that the Township relies on tax revenues to finance its governmental activities.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**



The governmental fund financial statements provide detailed information of the Township's major funds. Some funds are required to be established by State Statute while other funds are established by the Township to manage monies restricted for a specific purpose. As of December 31, 2025, the Township's governmental funds reported a combined fund balance of \$22,427,106 which is a decrease of \$2,209,450 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2025 and 2024 and the total 2025 change in governmental fund balances.

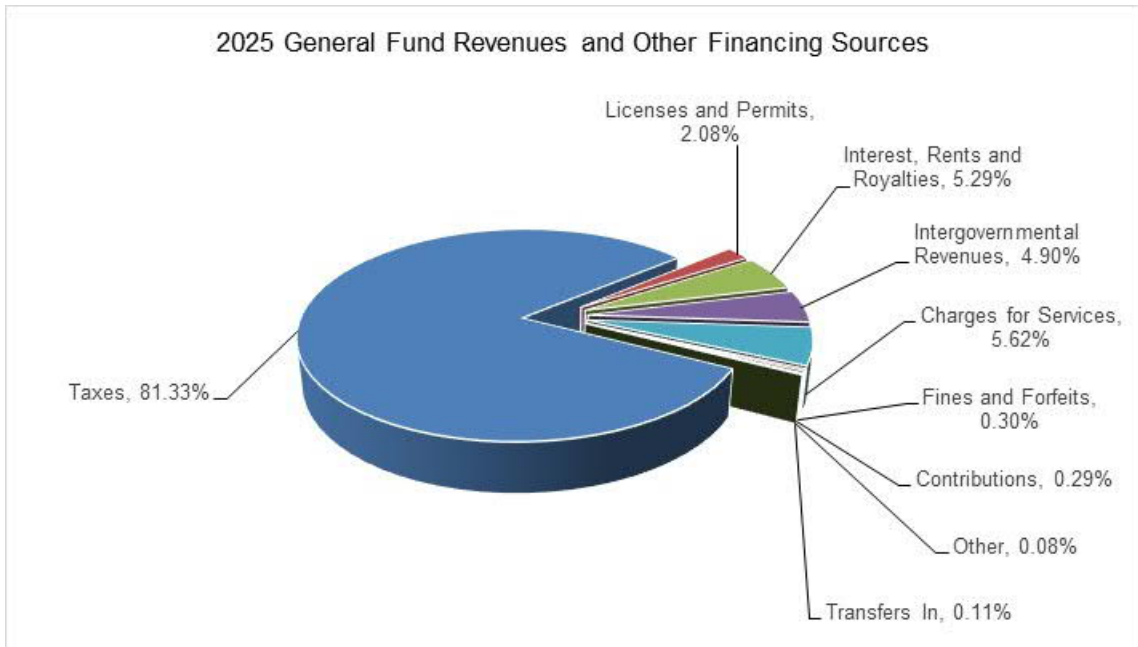
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>
General Fund	\$ 8,641,848	\$ 7,869,057	\$ 772,791
Open Space Fund	22,201	2,372,250	(2,350,049)
Capital Reserve Fund	10,871,188	11,983,413	(1,112,225)
Traffic Impact Fund	1,828,625	1,762,165	66,460
Highway Aid Fund	790,983	465,447	325,536
Nonmajor Governmental Funds	272,261	184,224	88,037
	<u>\$ 22,427,106</u>	<u>\$ 24,636,556</u>	<u>\$ (2,209,450)</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2025 fiscal year the General Fund fund balance was \$8,641,848 representing a increase of \$772,791 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2025 fiscal year.

The Township's reliance upon tax revenues is demonstrated by the graph below that indicates 82% of General Fund revenues are derived from local taxes.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**



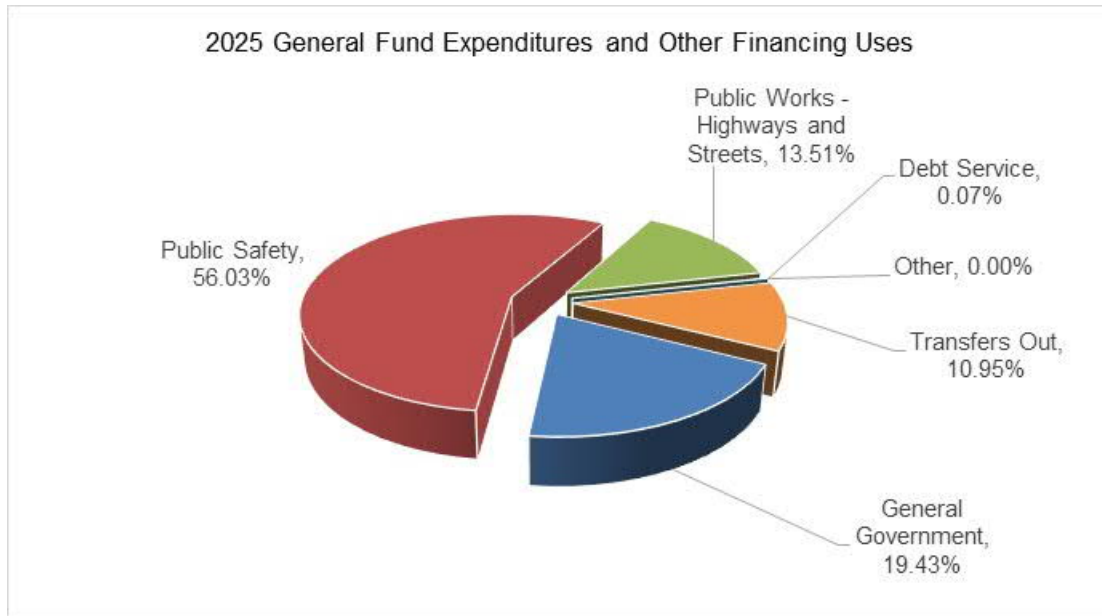
General Fund Revenues and Other Financing Sources

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$ 9,495,559	\$ 8,438,684	\$ 1,056,875	12.52%
Licenses and Permits	243,032	256,158	(13,126)	-5.12%
Interest, Rents and Royalties	617,631	676,452	(58,821)	-8.70%
Intergovernmental Revenues	571,779	544,725	27,054	4.97%
Charges for Services	655,762	716,294	(60,532)	-8.45%
Fines and Forfeits	35,175	13,210	21,965	166.28%
Contributions	33,967	27,547	6,420	23.31%
Other	8,949	10,005	(1,056)	-10.55%
Transfers In	13,067	15,065	(1,998)	-13.26%
	<u>\$ 11,674,921</u>	<u>\$ 10,698,140</u>	<u>\$ 976,781</u>	<u>9.13%</u>

Taxes collections increased by \$1,056,875 or 12.52% primarily from collection of prior year Business Privilege Tax, an increase in Earned Income Tax collection, and Real Estate Transfer Tax collected.

Interest, rents and royalties decreased by \$58,821 commensurate with interest rates and amounts available for investment and transfer of cash to capital funds of \$1,193,343.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**



General Fund Expenditures and Other Financing Uses

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
General Government	2,118,381	1,889,599	228,782	12.11%
Public Safety	6,108,842	5,834,569	274,273	4.70%
Public Works - Highways and Streets	1,473,420	905,966	567,454	62.64%
Other	-	18,894	(18,894)	-100.00%
Debt Service	8,144	9,564	(1,420)	-14.85%
Transfers Out	1,193,343	2,182,814	(989,471)	-45.33%
	<u>\$ 10,902,130</u>	<u>\$ 10,841,406</u>	<u>\$ 60,724</u>	<u>0.56%</u>

Transfers out to capital funds to subsidize capital projects and other activities increased, due to unanticipated collections of prior year Act 511 taxes and better efficiencies.

CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources that are restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment. The Open Space Fund accounts for the purchase of land and to maintain open space within the Township. During 2025, the Open Space Fund fund balance decreased by \$2,350,049 for a cumulative balance of \$22,201. The Open Space Fund reserves were used for the purchase of land for the Public Works Building. In 2026, the Open Space Fund will be collapsed into the Capital Reserve Fund. The Capital Reserve Fund is used to set funds aside for construction projects and purchases of equipment by the Township. During 2025, the Capital Reserve Fund fund balance decreased by \$1,112,225 for a cumulative balance of \$10,871,188 as of December 31, 2025.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

SPECIAL REVENUE FUNDS

Special revenue funds are maintained to account for the proceeds of specific revenue sources that are to be expended for specified purposes. The Traffic Impact Fund receives traffic impact fees, and those funds are used to improve traffic conditions within the Township. During 2025, the Traffic Impact Fund's fund balance increased by \$66,460 for a cumulative balance of \$1,828,625 as of December 31, 2025 which is restricted for future traffic improvement projects. The Highway Aid Fund accounts for appropriations from the state gas tax through the Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects through the Public Works Department. During 2025, the Highway Aid Fund's fund balance increased by \$325,536 for a cumulative balance of \$790,983 as of December 31, 2025 which is restricted for road projects. This large increase is primarily from the 2025 road project being postponed till 2026.

NONMAJOR GOVERNMENTAL FUNDS

The Nonmajor Governmental Funds consist of special revenue funds. The non-major special revenue funds include the Street Lighting Fund, Fire Protection Fund, Fire Hydrant Fund and Recreation Fund. Major revenue sources for these funds include taxes and charges for services. During 2025, the Nonmajor Governmental Funds fund balance increased by \$88,037 for a cumulative balance of \$272,261 as of December 31, 2025. More detailed information regarding the non-major governmental funds can be found in the combining and individual fund financial statements on pages 69 and 70.

GENERAL FUND BUDGET INFORMATION

The Township maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Township budgets and expends funds according to procedures mandated by Township code of the Commonwealth of Pennsylvania. An annual operating budget is prepared by management and submitted to the Board of Supervisors for approval prior to the beginning of the fiscal year on January 1 each year. The most significant fund budget is the General Fund.

General Fund revenues and other financing sources were \$667,232 more than budgeted amounts and General Fund expenditures and other financing uses were \$334,174 more than budgeted amounts resulting in a net positive variance of \$333,058. Revenues and other financing sources were more than budget primarily due earned income taxes collected being higher than budgeted. Expenditures were more than anticipated primarily from an unbudgeted transfer of \$250,000 to the Capital Funds. More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on page 59. The Budgetary Comparison Schedule – General Fund shows the original budget, final budget and actual revenues, expenditures and other financing sources for the fiscal year.

BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUNDS

The Township sewer system was constructed by the Lower Gwynedd Township Municipal Authority (the "Authority") at the request of the Board of Supervisors. On December 16, 2015, the Authority's 2003 Sewer Revenue Bonds were redeemed with the intention to dissolve the Authority, which occurred on April 7, 2016. The Township is now directly responsible for the operation, maintenance and repair of the sewer system. All activities associated with the sewer system area accounted for within the Sewer Operating and Reserve Funds. Sewer rates for 2025 were based on metered water consumption at \$88.00 for the first 12,000 gallons and \$5.80 for each gallon thereafter per quarter. Sewer rates were last raised 10 percent beginning January 1, 2017. Prior to the 2017 rate increase, rates remained unchanged since July 2010. In 2020, the Township established a Stormwater Fund to account for stormwater management activities, that are financed primarily through user charges and developer contributions.

The net position of the Township's business type activities and proprietary funds increased by \$231,399 during 2025. The net position of the business-type activities and proprietary funds totaled \$10,968,857 on December 31, 2025.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

CAPITAL ASSETS

The Township's investment in capital assets as of December 31, 2025 amounted to \$41,439,746, net of accumulated depreciation. This investment in capital assets includes land, infrastructure, buildings and improvements and furniture and equipment. The total net increase in the Township's investment in capital assets for 2025 was \$3,362,493. Much of this increase was the result of the purchase of land for the public works project in 2025.

Current year capital additions were \$4,939,288 depreciation expense was \$1,508,254.

The Township has elected to use the modified approach to record the current costs of preserving infrastructure in lieu of depreciation. The roads and streets are maintained at a high standard, and the related maintenance costs are expensed. Only expenditures that increase capacity or efficiency of the infrastructure are capitalized.

NONCURRENT LIABILITIES

The Township currently has three pension plans which benefit full-time employees; a defined benefit plan for non-uniformed employees hired before 2014, a defined contribution plan for non-uniformed employees hired on or after January 1, 2014, and a defined benefit plan for police officers. The Township also has an OPEB Trust that funds retiree health insurance for police officers.

The Township reports its defined benefit pension liability (asset) and its net liability (asset) for post-employment benefits on its statement of position. The Township's net pension liability (asset) and net liability (asset) for post-employment benefits are actuarially determined. The Township's net pension asset was \$2,137,343 as of December 31, 2025. The Township's net post-employment benefit is an asset of \$475,515 as of December 31, 2025. The current year increase in the net pension from a liability to an asset and liability to an asset for post-employment benefits resulted from investment income consistent with market conditions in 2025.

Other non-current liabilities consist of the Township's liability for right-to-use leases payable which totaled \$26,441 and bonds payable which totaled \$4,760,000 as of December 31, 2025.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

Next Year's Budget

The Township uses a conservative approach to budgeting which entails budgeting at the lower end of acceptable range for revenues. If revenues exceed expenses the excess is transferred to Capital Funds per the Township's fund balance policy. The local economy has thrived over the past few years, and the conservative budgeting approach has resulted in additional cash reserves in the General Fund and Capital Funds. The reserves will help the Township with future economic uncertainties and pay for both anticipated and unanticipated expenditures. The Township also implemented an Investment Policy for its cash reserves.

Receipts are monitored closely in order to proactively adjust to economic conditions. The Township had a modest real estate tax increase in 2012 from 1.117 mills to 1.223 mills and no increase since then.

The 2026 fiscal plan includes the following:

- No tax increases
- Approximately 50% of General Fund revenues are derived from earned income taxes. All municipalities have limited taxing options for taxing sources which are established by the Commonwealth. These limited options result in a strong reliance on earned income taxes, which could result in unanticipated shortfalls should there be a downturn in the economy. To lessen the impact of any unforeseen economic downturn, the Township has adopted a fund balance policy which provides for 25 percent of future anticipated expenditures to be reserved as unassigned fund balance.
- A contribution of \$ 538,389 to the Police Pension Plan is included and a contribution of \$16,666 to the Non-Uniform Pension Plan are included in the 2026 General Fund budget.
- The 2026 budget includes a \$ 25,000 contribution to the OPEB Plan.
- The 2026 General Fund budget includes a transfer of \$500,000 from the General Fund to the Capital Funds, and a transfer of \$273,413 to cover debt service for the Bond Issuance.

Economic Factors

The Township is located in the southeastern section of Montgomery County, 15 miles from Philadelphia. The Township is served by a network of major roads, including state routes 63, 202 and 309 and the Pennsylvania Turnpike, which offers convenient access to the City of Philadelphia, as well as major suburban employment centers in Conshohocken and King of Prussia. The Township is also served by two SEPTA passenger rail stations within its borders, Penllyn and Gwynedd Valley Stations.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Strong local industries and proximity to major employment centers and educational institutions play an important role in the Township's economy. The Township is home to Gwynedd Mercy University; Wissahickon High, Middle, and Elementary Schools; and the prestigious Gwynedd Mercy Academy Elementary and High Schools. Wissahickon High School is ranked 18th of all Pennsylvania high schools in the most recent U.S. News and World Report rankings. The largest employer in the Township is Janssen Pharmaceutical Companies, a subsidiary of Johnson & Johnson, with 2,000 employees. Other noted employers in the Township are Wissahickon School District, Gwynedd Mercy University, Berkadia Mortgage, Acts Retirement Life Community, Foulkeways at Gwynedd and Whole Foods.

Spring House Innovation Park, the former Dow Chemical site on Norristown Road, offers 600,000 square feet of workspace and continues to redevelop. The site is owned by Beacon Capital Partners, which has been successful in attracting new companies to the location for life sciences, research and development, financial services, technology and start-up bio-tech companies.

Ambler Yards completed redevelopment of 14 buildings into shared workspaces at the former BASF chemical plant. Their innovative designs and amenities have attracted more than 30 companies, employing over 600 people.

The Township's population grew steadily in decades past, slowing in recent years. According to the U.S. Census Bureau, the population in 1980 was 6,902. In 2010, the Township's population was 11,405. In 2021, the estimated population was 12,066 people. The Montgomery County Planning Commission is projecting that the Township's population will grow to 12,651 by 2045.

In conclusion, the Township's financial position continues to be strong. The 2026 Budget and Fiscal Plan includes the resources to continue to improve services and to meet future needs. The Township continues to adhere to the fund balance policy and has been able to maintain its General Fund fund balance above the prescribed range of 25 percent of anticipated expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Lower Gwynedd Township, P.O. Box 625, Spring House, PA 19477-0625.

**LOWER GWYNEDD TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)**

	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
<u>Assets and Deferred Outflows of Resources</u>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 23,120,786	\$ 8,649,931	\$ 31,770,717	\$ 33,276,785
Accounts Receivable	142,388	-	142,388	614,518
Taxes Receivable	34,970	-	34,970	15,084
Sewer Fees Receivable	-	239,790	239,790	261,383
Internal Balances	-	-	-	-
<u>Total Current Assets</u>	<u>23,298,144</u>	<u>8,889,721</u>	<u>32,187,865</u>	<u>34,167,770</u>
<u>Noncurrent Assets</u>				
Cash and Cash Equivalents - Restricted	85,407	27,277	112,684	28,486
Lease Receivable	545,842	-	545,842	701,156
Capital Assets, Net	39,137,913	2,301,833	41,439,746	38,077,253
Net Pension Asset	2,137,343	-	2,137,343	115,238
Net OPEB Asset	475,515	-	475,515	-
<u>Total Noncurrent Assets</u>	<u>42,382,020</u>	<u>2,329,110</u>	<u>44,711,130</u>	<u>38,922,133</u>
<u>Total Assets</u>	<u>65,680,164</u>	<u>11,218,831</u>	<u>76,898,995</u>	<u>73,089,903</u>
<u>Deferred Outflows of Resources</u>				
Pension	271,828	-	271,828	63,411
Other Postemployment Benefit Plan	42,217	-	42,217	909,609
<u>Total Deferred Outflows of Resources</u>	<u>314,045</u>	<u>-</u>	<u>314,045</u>	<u>973,020</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 65,994,209</u>	<u>\$ 11,218,831</u>	<u>\$ 77,213,040</u>	<u>\$ 74,062,923</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>				
<u>Current Liabilities</u>				
Accounts Payable and Other Current Liabilities	\$ 925,738	\$ 212,151	\$ 1,137,889	\$ 1,163,143
Escrow Deposits	-	37,393	37,393	28,486
Accrued Interest Payable	53,820	-	53,820	2,094
Unearned Revenue	-	-	-	-
<u>Total Current Liabilities</u>	<u>979,558</u>	<u>249,544</u>	<u>1,229,102</u>	<u>1,193,723</u>
<u>Non-Current Liabilities</u>				
Due Within One Year	173,470	-	173,470	246,118
Due in More Than One Year	4,669,478	-	4,669,478	6,517,075
<u>Total Non-Current Liabilities</u>	<u>4,842,948</u>	<u>-</u>	<u>4,842,948</u>	<u>6,763,193</u>
<u>Total Liabilities</u>	<u>5,822,506</u>	<u>249,544</u>	<u>6,072,050</u>	<u>7,956,916</u>
<u>Deferred Inflows of Resources</u>				
Lease Receivable	545,842	-	545,842	701,156
Pension	2,934,460	-	2,934,460	350,422
Other Postemployment Benefit Plan	718,538	-	718,538	312,883
<u>Total Deferred Inflows of Resources</u>	<u>4,198,840</u>	<u>-</u>	<u>4,198,840</u>	<u>1,364,461</u>
<u>Net Position</u>				
Net Investment in Capital Assets	34,294,965	2,301,833	36,596,798	37,904,282
Restricted	10,698,024	-	10,698,024	2,411,836
Unrestricted	10,979,874	8,667,454	19,647,328	24,425,428
<u>Total Net Position</u>	<u>55,972,863</u>	<u>10,969,287</u>	<u>66,942,150</u>	<u>64,741,546</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 65,994,209</u>	<u>\$ 11,218,831</u>	<u>\$ 77,213,040</u>	<u>\$ 74,062,923</u>

The accompanying notes are an integral part of the financial statements

**LOWER GWYNEDD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2025	2024
Primary Government								
<u>Governmental Activities:</u>								
General Government	\$ 2,090,798	\$ 354,700	\$ 462,385	\$ -	\$ (1,273,713)	\$ -	\$ (1,273,713)	\$ (471,331)
Public Safety	7,111,780	528,926	143,834	-	(6,439,020)	-	(6,439,020)	(6,128,682)
Public Works	1,577,943	183,987	367,326	-	(1,026,630)	-	(1,026,630)	1,405,335
Culture and Recreation	407,107	24,988	97	-	(382,022)	-	(382,022)	(483,275)
Interest on Long Term Debt	179,054	-	-	-	(179,054)	-	(179,054)	(221,125)
Total Governmental Activities	<u>11,366,682</u>	<u>1,092,601</u>	<u>973,642</u>	<u>-</u>	<u>(9,300,439)</u>	<u>-</u>	<u>(9,300,439)</u>	<u>(5,899,078)</u>
<u>Business-Type Activities</u>								
Sewer and Stormwater	2,938,707	2,931,194	9,291	-	-	1,778	1,778	(485,988)
Total Primary Government	<u>\$ 2,938,707</u>	<u>\$ 2,931,194</u>	<u>\$ 9,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,778</u>	<u>\$ 1,778</u>	<u>\$ (485,988)</u>
General Revenues								
Taxes:								
Real Estate Taxes					1,732,321	-	1,732,321	1,744,798
Earned Income Taxes					6,087,985	-	6,087,985	5,691,265
Realty Transfer Taxes					715,443	-	715,443	485,599
Local Services Taxes					478,638	-	478,638	424,708
Business Privilege and Mercantile Taxes					988,438	-	988,438	747,803
Investment Earnings					1,151,593	335,898	1,487,491	1,347,534
Miscellaneous					8,949	-	8,949	404,130
Transfers					105,847	(105,847)	-	-
Total General Revenues					<u>11,269,214</u>	<u>230,051</u>	<u>11,499,265</u>	<u>10,845,837</u>
Change in Net Position					1,968,775	231,829	2,200,604	4,460,771
Net Position - Beginning of Year					<u>54,004,088</u>	<u>10,737,458</u>	<u>64,741,546</u>	<u>60,280,775</u>
Net Position - End of Year					<u>\$ 55,972,863</u>	<u>\$ 10,969,287</u>	<u>\$ 66,942,150</u>	<u>\$ 64,741,546</u>

The accompanying notes are an integral part of the financial statements.

LOWER GWYNEDD TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	General	Open Space Fund	Capital Reserve Fund	Traffic Impact Fund	Highway Aid Fund	Nonmajor Governmental Funds	Totals	
							2025	2024
Assets								
Cash and Cash Equivalents	\$ 8,900,983	\$ 22,201	\$ 11,236,506	\$ 1,828,625	\$ 790,983	\$ 341,488	\$ 23,120,786	\$ 24,582,870
Cash and Cash Equivalents - Restricted	85,407	-	-	-	-	-	85,407	-
Accounts Receivable	142,388	-	-	-	-	-	142,388	614,518
Taxes Receivable	24,350	-	-	-	-	10,620	34,970	15,084
Lease Receivable	545,842	-	-	-	-	-	545,842	701,156
Due from Other Funds	57,160	-	-	-	-	-	57,160	1,326,467
Total Assets	\$ 9,756,130	\$ 22,201	\$ 11,236,506	\$ 1,828,625	\$ 790,983	\$ 352,108	\$ 23,986,553	\$ 27,240,095
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities								
Accounts Payable and Accrued Expenses	\$ 549,308	\$ -	\$ 365,318	\$ -	\$ -	\$ 11,112	\$ 925,738	\$ 566,357
Due to Other Funds	-	-	-	-	-	57,160	57,160	1,325,571
Total Liabilities	549,308	-	365,318	-	-	68,272	982,898	1,891,928
Deferred Inflows of Resources								
Unavailable Revenues - Lease Receivable	545,842	-	-	-	-	-	545,842	701,156
Unavailable Revenues - Real Estate Taxes	19,132	-	-	-	-	11,575	30,707	10,455
Total Deferred Inflows of Resources	564,974	-	-	-	-	11,575	576,549	711,611
Fund Balance								
Restricted for:								
Streets and Highways	-	-	-	-	790,983	-	790,983	465,447
Street Lighting	-	-	-	-	-	43,090	43,090	38,387
Fire Protection	-	-	-	-	-	257,136	257,136	174,128
Fire Hydrant	-	-	-	-	-	33,010	33,010	45,166
Traffic Impact Fees	-	-	-	1,828,625	-	-	1,828,625	1,762,165
Capital Projects	-	-	5,132,322	-	-	-	5,132,322	4,916,095
Assigned for:								
Open Space	-	22,201	-	-	-	-	22,201	2,372,250
Capital Projects	-	-	5,738,866	-	-	-	5,738,866	7,067,318
Unassigned	8,641,848	-	-	-	-	(60,975)	8,580,873	7,795,600
Total Fund Balances	8,641,848	22,201	10,871,188	1,828,625	790,983	272,261	22,427,106	24,636,556
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,756,130	\$ 22,201	\$ 11,236,506	\$ 1,828,625	\$ 790,983	\$ 352,108	\$ 23,986,553	\$ 27,240,095

The accompanying notes are an integral part of the financial statements

**LOWER GWYNEDD TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total Governmental Fund Balances \$ 22,427,106

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Cost of assets	\$ 57,000,218	
Accumulated depreciation	<u>(17,862,305)</u>	
		39,137,913

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bond Payable	(4,760,000)	
Bond Premium, Net of Amortization	(56,507)	
Right-to-Use Lease Liability	(26,441)	
Police Net OPEB Liability (Asset) and related deferrals	(200,806)	
Police Net Pension Liability (Asset) and related deferrals	(1,066,473)	
Nonuniform Net Pension Liability (Asset) and related deferrals	541,184	
Accrued Interest	<u>(53,820)</u>	
		(5,622,863)

Property taxes, earned income taxes, and other amounts receivable will not be collected soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds

30,707

Net Position of Government Activities		<u>\$ 55,972,863</u>
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The accompanying notes are an integral part of the financial statements

LOWER GWYNEDD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	General	Open Space Fund	Capital Reserve Fund	Traffic Impact Fund	Highway Aid Fund	Nonmajor Governmental Funds	Totals	
							2025	2024
Revenues								
Real Estate Taxes	\$ 1,225,055	\$ -	\$ -	\$ -	\$ -	\$ 487,014	\$ 1,712,069	\$ 1,754,147
Taxes Levied under Local Tax Enabling Act:								
Real Estate Transfer Taxes	715,443	-	-	-	-	-	715,443	485,599
Earned Income Taxes	6,087,985	-	-	-	-	-	6,087,985	5,691,265
Local Service Taxes	478,638	-	-	-	-	-	478,638	424,708
Business Privilege and Mercantile Taxes	988,438	-	-	-	-	-	988,438	747,803
Licenses and Permits	243,032	-	-	-	-	-	243,032	256,158
Fines and Forfeits	35,175	-	-	-	-	-	35,175	13,210
Interest, Rents, and Royalties	617,631	49,951	503,151	66,460	29,447	19,953	1,286,593	1,308,251
Intergovernmental Revenues	571,779	-	473	-	367,326	97	939,675	4,752,179
Charges for Services	655,762	-	-	-	-	23,632	679,394	760,189
Contributions	33,967	-	-	-	-	-	33,967	27,547
Miscellaneous Revenues	8,949	-	-	-	-	-	8,949	10,005
Total Revenues	11,661,854	49,951	503,624	66,460	396,773	530,696	13,209,358	16,231,061
Expenditures								
General Government	2,118,381	-	190,898	-	-	-	2,309,279	1,975,765
Public Safety	6,108,842	-	173,806	-	-	353,331	6,635,979	6,326,165
Public Works - Highway and Streets	1,473,420	-	3,598,508	-	71,237	6,158	5,149,323	5,098,824
Culture and Recreation	-	-	808,458	-	-	248,170	1,056,628	665,030
Debt Service								
Principal	8,144	-	235,000	-	-	-	243,144	227,019
Interest	-	-	130,302	-	-	-	130,302	-
Total Expenditures	9,708,787	-	5,136,972	-	71,237	607,659	15,524,655	14,292,803
Excess of Revenues Over (Under)								
Expenditures	1,953,067	49,951	(4,633,348)	66,460	325,536	(76,963)	(2,315,297)	1,938,258
Other Financing Sources (Uses)								
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-	-	781,000
Refund of Prior-Year Expenditures	-	-	-	-	-	-	-	(18,894)
Proceeds from Bond Issuance	-	-	-	-	-	-	-	4,995,000
Premium on Bond Issuance	-	-	-	-	-	-	-	59,481
Proceeds from Right-to-Use Lease Agreement	-	-	-	-	-	-	-	42,573
Transfers In	13,067	-	3,521,123	-	-	165,000	3,699,190	2,197,879
Transfers Out	(1,193,343)	(2,400,000)	-	-	-	-	(3,593,343)	(2,182,814)
Total Other Financing Sources and Uses	(1,180,276)	(2,400,000)	3,521,123	-	-	165,000	105,847	5,874,225
Net Changes in Fund Balances	772,791	(2,350,049)	(1,112,225)	66,460	325,536	88,037	(2,209,450)	7,812,483
Fund Balances - Beginning of Year	7,869,057	2,372,250	11,983,413	1,762,165	465,447	184,224	24,636,556	16,824,073
Fund Balances - End of Year	\$ 8,641,848	\$ 22,201	\$ 10,871,188	\$ 1,828,625	\$ 790,983	\$ 272,261	\$ 22,427,106	\$ 24,636,556

The accompanying notes are an integral part of the financial statements

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

Net Changes in Fund Balances - Governmental Funds \$ (2,209,450)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from outlays in the period (excludes internal

Depreciation Expense	\$ (1,226,985)	
Capital Outlays, net of disposals	<u>4,667,487</u>	3,440,502

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bond principal	235,000	
Amortization of bond premium	2,974	
Repayment of Right-to-Use Lease Payable	<u>8,144</u>	246,118

The net change in the net pension liability, as well as the change in related deferred outflows of resources, is reported in the statement of activities, but is not reported in the fund financial statements.

413,102

The net change in the OPEB liability, as well as the change in related deferred outflows, is reported in the statement of activities, but is not reported in the fund financial statements

109,977

Change in Accrued Interest Payable

(51,726)

Governmental funds report revenues related to prior periods as current financial resources. However, in the statement of activities, these amounts are not included as current year revenue. In addition, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

20,252

Change in Net Position of Governmental Activities

\$ 1,968,775

The accompanying notes are an integral part of the financial statements

LOWER GWYNEDD TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	Sewer Operating Fund	Sewer Reserve Fund	Stormwater Fund	Totals	
				2025	2024
<u>Assets</u>					
<u>Current Assets</u>					
Cash and Cash Equivalents	\$ 3,522,522	\$ 4,537,062	\$ 590,347	\$ 8,649,931	\$ 8,693,915
Cash and Cash Equivalents - Restricted	27,277	-	-	27,277	28,486
Sewer Fees Receivable	239,790	-	-	239,790	261,383
<u>Total Current Assets</u>	<u>3,789,589</u>	<u>4,537,062</u>	<u>590,347</u>	<u>8,916,998</u>	<u>8,983,784</u>
<u>Noncurrent Assets</u>					
Capital Assets, Net	2,301,833	-	-	2,301,833	2,379,842
<u>Total Noncurrent Assets</u>	<u>2,301,833</u>	<u>-</u>	<u>-</u>	<u>2,301,833</u>	<u>2,379,842</u>
<u>Total Assets</u>	<u>\$ 6,091,422</u>	<u>\$ 4,537,062</u>	<u>\$ 590,347</u>	<u>\$ 11,218,831</u>	<u>\$ 11,363,626</u>
<u>Liabilities</u>					
Accounts Payable and Accrued Expenses	\$ 167,580	\$ 36,477	\$ 8,094	\$ 212,151	\$ 596,786
Escrow Deposits Payable	37,393	-	-	37,393	28,486
Due to Other Funds	-	-	-	-	896
<u>Total Liabilities</u>	<u>204,973</u>	<u>36,477</u>	<u>8,094</u>	<u>249,544</u>	<u>626,168</u>
<u>Net Position</u>					
Net Investment in Capital Assets	2,301,833	-	-	2,301,833	2,379,842
Unrestricted	3,584,616	4,500,585	582,253	8,667,454	8,357,616
<u>Total Net Position</u>	<u>\$ 5,886,449</u>	<u>\$ 4,500,585</u>	<u>\$ 582,253</u>	<u>\$ 10,969,287</u>	<u>\$ 10,737,458</u>

The accompanying notes are an integral part of the financial statements

**LOWER GWYNEDD TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)**

	Sewer Operating Fund	Sewer Reserve Fund	Stormwater Fund	Totals	
				2025	2024
<u>Operating Revenues</u>					
Charges for Services	\$ 2,922,401	\$ -	\$ 8,793	\$ 2,931,194	\$ 2,919,001
Other Operating Revenue	-	-	-	-	9,868
<u>Total Operating Revenues</u>	<u>2,922,401</u>	<u>-</u>	<u>8,793</u>	<u>2,931,194</u>	<u>2,928,869</u>
<u>Operating Expenses</u>					
Professional Fees	27,017	-	-	27,017	18,747
Engineering Fees	-	-	191,093	191,093	204,152
Rent	-	-	-	-	127,200
General Operating Expenses	750,764	-	-	750,764	686,553
Insurance	190,827	-	-	190,827	147,597
Workers' Compensation	-	-	-	-	4,209
Depreciation	281,269	-	-	281,269	280,026
Maintenance Expense	151,082	5,918	-	157,000	771,813
Treatment Expenses	1,340,737	-	-	1,340,737	1,239,057
<u>Total Operating Expenses</u>	<u>2,741,696</u>	<u>5,918</u>	<u>191,093</u>	<u>2,938,707</u>	<u>3,479,354</u>
<u>Total Operating Income (Loss)</u>	<u>180,705</u>	<u>(5,918)</u>	<u>(182,300)</u>	<u>(7,513)</u>	<u>(550,485)</u>
<u>Net Operating Revenues</u>					
Intergovernmental Revenues	-	9,291	-	9,291	64,497
Interest Income	108,274	196,502	31,122	335,898	308,311
<u>Total Nonoperating Income (Loss)</u>	<u>108,274</u>	<u>205,793</u>	<u>31,122</u>	<u>345,189</u>	<u>372,808</u>
<u>Income Before Transfers</u>	<u>288,979</u>	<u>199,875</u>	<u>(151,178)</u>	<u>337,676</u>	<u>(177,677)</u>
Transfers In	203,260	-	-	203,260	82,433
Transfers Out	(105,847)	(203,260)	-	(309,107)	(97,498)
<u>Change in Net Position</u>	<u>386,392</u>	<u>(3,385)</u>	<u>(151,178)</u>	<u>231,829</u>	<u>(192,742)</u>
<u>Net Position</u>					
Beginning of Year	5,500,057	4,503,970	733,431	10,737,458	10,930,200
End of Year	\$ 5,886,449	\$ 4,500,585	\$ 582,253	\$ 10,969,287	\$ 10,737,458

The accompanying notes are an integral part of the financial statements

LOWER GWYNEDD TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	Sewer Operating Fund	Sewer Reserve Fund	Stormwater Fund	Totals	
				2025	2024
Cash Flows from Operating Activities					
Cash Received from Users	\$ 2,943,994	\$ -	\$ 8,793	\$ 2,952,787	2,893,974
Other Cash Receipts	-	-	-	-	9,868
Payments to and on Behalf of Employees	-	-	-	-	(569,056)
Payments to Vendors and Others	(2,852,819)	9,702	(199,852)	(3,042,969)	(1,836,376)
Receipts (Return) of Escrow Deposits, Net	8,907	-	-	8,907	(8,301)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	100,082	9,702	(191,059)	(81,275)	490,109
Cash Flows from Noncapital Financing Activities					
Transfers Out	(105,847)	(203,260)	-	(309,107)	(97,498)
Transfers In	203,260	-	-	203,260	82,433
Intergovernmental Revenues	-	9,291	-	9,291	64,497
Contributions	-	-	-	-	-
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	97,413	(193,969)	-	(96,556)	49,432
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(203,260)	-	-	(203,260)	(182,434)
Proceeds from Sale of Capital Assets	-	-	-	-	-
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	(203,260)	-	-	(203,260)	(182,434)
Cash Flows from Investing Activities					
Interest Income	108,274	196,502	31,122	335,898	308,311
Net Increase in Cash and Cash Equivalents	102,509	12,235	(159,937)	(45,193)	665,418
Cash and Cash Equivalents - Beginning of Year	3,447,290	4,524,827	750,284	8,722,401	8,056,983
Cash and Cash Equivalents - End of Year	\$ 3,549,799	\$ 4,537,062	\$ 590,347	\$ 8,677,208	\$ 8,722,401
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 180,705	\$ (5,918)	\$ (182,300)	\$ (7,513)	\$ (550,485)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	281,269	-	-	281,269	280,026
(Increase) Decrease In:					
Sewer Fees Receivable	21,593	-	-	21,593	(25,027)
Due from Other Funds	-	-	-	-	379,819
Increase (Decrease) In:					
Accounts Payable and Accrued Expenses	(391,496)	15,620	(8,759)	(384,635)	541,764
Due to Other Funds	(896)	-	-	(896)	(127,687)
Escrow Deposits	8,907	-	-	8,907	(8,301)
Net Cash Provided (Used) by Operating Activities	\$ 100,082	\$ 9,702	\$ (191,059)	\$ (81,275)	\$ 490,109
RECONCILIATION OF CASH AND RESTRICTED CASH					
Cash and Cash Equivalents	\$ 3,522,522	\$ 4,537,062	\$ 590,347	\$ 8,649,931	\$ 8,693,915
Cash Held in Escrow	27,277	-	-	27,277	28,486
Total Cash and Restricted Cash	\$ 3,549,799	\$ 4,537,062	\$ 590,347	\$ 8,677,208	\$ 8,722,401

The accompanying notes are an integral part of the financial statements

LOWER GWYNEDD TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	Custodial Fund		Component Unit	
	Escrow Fund		Trust Funds	
	2025	2024	2025	2024
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,120,689	\$ 1,763,905	\$ 645,916	\$ 647,028
Investments	-	-	33,063,186	29,047,066
Accrued Income	-	-	55,142	2,066
<u>Total Current Assets</u>	<u>\$ 1,120,689</u>	<u>\$ 1,763,905</u>	<u>\$ 33,764,244</u>	<u>\$ 29,696,160</u>
<u>Liabilities</u>				
	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>				
Restricted for Developers	1,120,689	1,763,905	-	-
Held in Trust for Pension Benefits	-	-	32,285,273	28,442,262
Held in Trust for Other Postemployment Benefits	-	-	1,478,971	1,253,898
<u>Total Net Position</u>	<u>\$ 1,120,689</u>	<u>\$ 1,763,905</u>	<u>\$ 33,764,244</u>	<u>\$ 29,696,160</u>

The accompanying notes are an integral part of the financial statements

LOWER GWYNEDD TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2024)

	Custodial Fund		Component Unit	
	Escrow Fund		Trust Funds	
	2025	2024	2025	2024
Additions				
Contributions				
Employer Contributions	\$ -	\$ -	\$ 577,029	\$ 572,372
Employee Contributions	-	-	140,367	151,577
Developer Contributions	374,174	725,555	-	-
<u>Total Contributions</u>	374,174	725,555	717,396	723,949
				-
<u>Investment Earnings</u>				
Net Realized and Unrealized Gain on Investments	-	-	3,849,114	1,859,498
Interest and Dividends, Net of Expenses	-	-	757,795	1,056,128
<u>Total Investment Earnings</u>	-	-	4,606,909	2,915,626
<u>Other Additions</u>				
Miscellaneous	-	-	138,384	-
<u>Total Other Additions</u>	-	-	138,384	-
<u>Total Additions</u>	374,174	725,555	5,462,689	3,639,575
<u>Deductions</u>				
Benefits Paid	-	-	1,394,605	1,122,117
Return of Developer Contributions	1,017,390	597,788	-	-
<u>Total Deductions</u>	1,017,390	597,788	1,394,605	1,122,117
<u>Change in Net Position</u>	(643,216)	127,767	4,068,084	2,517,458
<u>Net Position</u>				
Beginning of Year	1,763,905	1,636,138	29,696,160	27,178,702
End of Year	\$ 1,120,689	\$ 1,763,905	\$ 33,764,244	\$ 29,696,160

The accompanying notes are an integral part of the financial statements

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Gwynedd Township (the Township), Montgomery County, Pennsylvania, was established in 1891 and operates as a Township of a second class under the Township code of the Commonwealth of Pennsylvania. The Township is governed by an elected five-member Board of Supervisors and provides the following services: general government; public safety – police, fire, ambulance, codes and planning and zoning; public works – sanitation and highways and streets; and culture and recreation and community development.

The financial statements of the Township have been prepared in accordance 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 authoritative standard-setting body for the establishment of governmental accounting financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. Based upon the application of these criteria, the following component units are required to be included in the Township's reporting entity.

Blended Component Units

The Police Pension Plan and Nonuniform Pension Plan are a single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. The Other Postemployment Benefits Plan is a single employer plan that provides postretirement medical benefits to regular full-time officers. Although the Police Pension Plan, the Nonuniform Pension Plan and the Other Postemployment Benefits Plan are separate legal entities, they are reported as if they are part of the Township as they are governed by a board comprised of members appointed by the Board of Supervisors or by the Board of Supervisors themselves and the Township is responsible for funding the Police Pension Plan, Nonuniform Pension Plan and the Other Postemployment Benefits Plan. The activities of the Police Pension Plan, Nonuniform Pension Plan and the Other Postemployment Benefits Plan are blended as fiduciary funds and do not issue separate financial statements.

Basis of Presentation

Government-Wide Financial Statements

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

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the Township which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Township is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the Township and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable of a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Township. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Township reports the following major governmental funds:

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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays which include the acquisition or construction of capital facilities and other capital assets, including those financed by general obligation bond proceeds. The Township reports the following major Capital Projects Funds:

The Open Space Fund is used to account for financial resources to be used for the acquisition of open space.

The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by the Open Space Fund and Proprietary Funds).

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Township reports the following major Special Revenue Funds:

The Traffic Impact Fund accounts for revenues received from transportation impact fees and similar revenues. Expenditures consist of improvements to the Township's roadways either by major capital installations or minor repairs.

The Highway Aid Fund accounts for revenues received from the Municipal Liquid Fuels Program. Expenditures consist of projects to support construction, reconstruction, maintenance and repair of public roads or streets.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other postemployment benefits and claims and judgments are recorded only when payment is due. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township reports the following major proprietary funds:

The Sewer Operating Fund is used to account for activities that are financed and operated in a manner similar to private business, with the intent that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

The Sewer Reserve Fund is used for the accumulation of resources for capital expenditures to the sewer system.

The Stormwater Fund is used to account for stormwater management activities within the Township that are financed primarily through user charges and developer contributions.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Township's proprietary funds are charges for services. Operating expenses for the Township's proprietary funds include the cost of sales and service, administrative and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting with a focus on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has four trust funds, consisting of a Police Pension Fund, Nonuniformed Employees' Pension Fund, Other Postemployment Benefits and Defined Contribution Fund. Custodial funds held by the Township are used to account for assets

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

held on behalf of individuals and/or other governmental units. The Township has one custodial fund consisting of a developer escrow fund. The Township reports the following fiduciary funds:

Pension Trust Funds are used to account for assets held by the Township in a trustee capacity and include the Police Pension Fund, Nonuniformed Employees' Pension Fund, Other Postemployment Benefits and Defined Contribution Fund.

The Custodial Fund accounts for deposits received and held in escrow from developers and other entities to be used for legal, administrative and other fees.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Township. Unobservable inputs reflect the Township's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Township has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Township's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Taxes

Property taxes are levied on March 1 and are payable in the following periods:

March 1 to April 30	Discount period, 2% of gross levy
May 1 to June 30	Face period
July 1 to collection	Penalty period, 10% of gross levy
December 31	Lien date

The Montgomery County Board of Assessments determines assessed valuations of property, and the Township's taxes are billed and collected by an elected tax collector. The tax on real estate for fiscal 2025 was 1.223 mills (\$1.223 for \$1,000 of assessed valuation), consisting of 0.877 mills for general purposes, 0.146 mills for fire protection, 0.170 mills for recreation, and 0.030 mills for fire hydrants. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Township for property taxes receivable.

Other taxes levied in 2025 consisted of the following:

Real estate transfer tax	0.50% of gross sales price
Earned income tax	0.50% for general purposes
Local services tax	\$52.00 per year for everyone working in the Township
Business privilege tax	1% of gross receipts
Mercantile tax	Based on total retail and wholesale sales

Certain prepayments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant and equipment (net of salvage value) of the Township is depreciated using the straight-line method over the following estimated useful lives:

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Buildings and Improvements	5 to 30 Years
Infrastructure	5 to 40 Years
Furniture and Equipment	5 to 30 Years
Sewer System and Equipment	5 to 25 Years

The Township has adopted the modified approach for valuing its road and street infrastructure. The Township completes an annual assessment of conditions and maintains all infrastructure at an overall good or better condition level. As a result, costs have been estimated for the entire road and street infrastructure system. If the yearly assessment maintains this overall condition level, no depreciation will be recorded. Annual maintenance costs for the roads and streets will be expensed.

Impairment of Long-Lived Assets

The Township evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital assets has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital assets is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Township. No impairments losses were recognized in the year ended December 31, 2025.

Compensated Absences

The Township recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the governmental and proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Township's policy permits employees to accumulated earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Township's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the Township and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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NOTES TO FINANCIAL STATEMENTS
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Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses. Notes payable are reported net of the applicable premium or discount. Premiums and discounts are deferred and amortized over the life of the notes. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

Leases

The Township is a lessee for noncancelable leases of copier machines and recognizes a lease liability and corresponding right-to-use lease asset in the government-wide financial statements. Lease liabilities are measured at the present value of payments expected to be made during the lease term, while lease assets are measured as the initial amount of the lease liability, adjusted for payments made at or before the commencement of the lease term. Key estimates and judgments related to leases include the determination of the discount rate used to calculate the present value of expected lease payments, the lease term, and the amount and timing of lease payments. The Township does not maintain a formal written capitalization policy for lease assets and liabilities; however, management evaluates lease arrangements individually and records those determined to be material to the financial statements.

Pension

The Township administers the Police Pension Fund and the Nonuniform Pension Fund, both contributory, single-employer defined benefit pension plans. GASB establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For purposes of measuring the total Pension liability, deferred outflows of resources and deferred inflows of resources related to Pension, and Pension expense, information about the fiduciary net positions of the Pension plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The Township administers the Police Post-Employment Benefits Plan, a contributory, single-employer postretirement benefits plan. GASB establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For

**LOWER GWYNEDD TOWNSHIP
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FOR THE YEAR ENDED DECEMBER 31, 2025**

this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two line items that qualify for reporting in this category that are reported in the government-wide statement of net position: pensions and OPEB. Deferred outflows related to pensions and OPEB are described further in Note 10 and Note 11. The components of deferred outflows of resources include differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and change in assumptions.

In addition to liabilities, the statement of net position and balance sheet – governmental funds report deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets and fund balance 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 two line items that qualify for reporting in this category on the statement of net position; pensions and OPEB. The components of deferred inflows of resources include differences between expected and actual experience and net difference between projected and actual earnings on OPEB investments. The Township has two line items that qualify for reporting in this category on the balance sheet – governmental funds including the unavailable revenues related to real estate tax, and lease receivable that are reported as deferred inflows of resources.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Township reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) extremely imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Supervisors. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Township has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources – committed, assigned or unassigned – in order as needed.

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 a specific purpose but does not meet the criteria to be classified as restricted or committed. The Township has a fund balance policy target range of 25% to 35% of budgeted expenditures. In the event the General Fund unassigned fund balance shall exceed the maximum target range of 35%, the Township Manager will present a plan for consideration by the Board of Supervisors to take action to reduce the unassigned fund balance to within the target range.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2025, from which the summarized information was derived.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Use of Estimates

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

Implementation of New Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The adoption of this statement had no effect on previously reported amounts.

New Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Township is required to adopt Statement No. 103 for its fiscal year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Township is required to adopt Statement No. 104 for its fiscal year 2026 statements.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The Township is required to adopt Statement No. 105 for its fiscal year 2027 statements.

The Township has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Township code of the Commonwealth of Pennsylvania requires that an annual budget for all funds be adopted no later than December 31 for the succeeding fiscal year beginning January 1. The Township is required to publish notice by advertisement at least once in one newspaper of general circulation in the Township, and within 20 days of final action, that the budget has been prepared and is available for public inspection at the Township offices. Notice that public hearings will be held on the proposed budget must be included in the advertisement.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The Township is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and include the effect of approved budget amendments.

NOTE 3 DEPOSITS AND INVESTMENTS

State statutes authorize the Township to invest in U.S. Treasury bills, time or share accounts of institutions by the Federal Deposit Insurance Corporation or in certificates of

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Custodial Credit Risk – Deposits

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

At December 31, 2025, the carrying amount of the Township's deposits was \$33,650,006 and the bank balance was \$33,577,514. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,016,133 was collateralized by the Township's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds, and \$645,916 was uninsured. The remaining cash deposits of the Township totaling \$27,665,456 are in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of December 31, 2025, PLGIT was rated AAA by a nationally recognized statistical rating agency.

Investments

As of December 31, 2025, the Township's pension and other postemployment benefits trust funds had the following investments:

Description	Fair Value
Equity Mutual Funds	\$ 22,233,577
Fixed Income Mutual Funds	10,779,813
Real Estate Investment Trust (REIT)	49,796
Total	\$ 33,063,186

Mutual funds were valued using Level 1 inputs while REITs were valued using Level 3 inputs.

The \$49,796 of alternative investments is valued using unobservable inputs and information provided by the investment manager, including underlying real estate valuations and other market-based assumptions. Given the limited market activity for the investment, quoted market prices are not available.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township's pension trust funds consist of

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

uninsured, unregistered investments held by a counterparty's trust department but not in the Township's name and subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025, the fixed income mutual funds are considered to be exposed to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits its type of investments permitted as defined in the state statutes. The Township has no investments subject to credit risk as of December 31, 2025.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of December 31, 2025, the Township had no investments subject to concentration of credit risk.

NOTE 4

CAPITAL ASSETS

The Township's capital asset activity for the year ended December 31, 2025 was as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Capital Assets, Not being Depreciated:				
Land	\$ 11,344,677	\$ -	\$ -	\$ 11,344,677
Infrastructure	13,287,675	-	-	13,287,675
Construction in Progress	201,705	4,141,911	68,541	4,275,075
Total Capital Assets Not Being Depreciated	<u>24,834,057</u>	<u>4,141,911</u>	<u>68,541</u>	<u>28,907,427</u>
Capital Assets, being Depreciated:				
Infrastructure	13,662,943	288,516	-	13,951,459
Buildings and Building Improvements	9,917,857	138,733	-	10,056,590
Right-to-Use Lease Asset	42,573	-	-	42,573
Furniture and Equipment	3,875,301	166,868	-	4,042,169
Total Capital Assets Being Depreciated	<u>27,498,674</u>	<u>594,117</u>	<u>-</u>	<u>28,092,791</u>
Less Accumulated Depreciation for:				
Infrastructure	(6,000,777)	(651,400)	-	(6,652,177)
Buildings and Building Improvements	(7,652,267)	(368,017)	-	(8,020,284)
Right-to-Use Lease Asset	(8,515)	(8,515)	-	(17,030)
Furniture and Equipment	(2,973,761)	(199,053)	-	(3,172,814)
Total Accumulated Depreciation	<u>(16,635,320)</u>	<u>(1,226,985)</u>	<u>-</u>	<u>(17,862,305)</u>
Total Capital Assets Being Depreciated, Net	<u>10,863,354</u>	<u>(632,868)</u>	<u>-</u>	<u>10,230,486</u>
Governmental Activities, Net	<u>\$ 35,697,411</u>	<u>\$ 3,509,043</u>	<u>\$ 68,541</u>	<u>\$ 39,137,913</u>
Business-Type Activities				
Sewer System and Equipment:	\$ 22,193,532	\$ 203,260	-	\$ 22,396,792
Less: Accumulated Depreciation	<u>(19,813,690)</u>	<u>(281,269)</u>	<u>-</u>	<u>(20,094,959)</u>
Total Capital Assets Being Depreciated, Net	<u>2,379,842</u>	<u>(78,009)</u>	<u>-</u>	<u>2,301,833</u>
Business-Type Activities, Net	<u>\$ 2,379,842</u>	<u>\$ (78,009)</u>	<u>\$ -</u>	<u>\$ 2,301,833</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities

General Government	\$ 170,966
Public Safety	833,529
Public Works	191,811
Culture and Recreation	30,679
Total Depreciation Expense - Governmental Activities	\$ 1,226,985

Business-Type Activities

Sewer	\$ 281,269
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NOTE 5 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2025 is as follows:

Receivable To	Amount	Payable From	Amount
General Fund	\$ 57,160	Recreation Fund	\$ 57,160
Total	\$ 57,160	Total	\$ 57,160

Interfund balances between funds represent temporary loans recorded to final allocations of costs. The balances are generally repaid shortly after year-end.

A summary of interfund transfers for the year ended December 31, 2025 is as follows:

Transfers In	Amount	Transfers Out	Amount
General Fund	\$ 13,067	Sewer Operating Fund	\$ 105,847
Fire Protection Fund	165,000	General Fund	1,193,343
Capital Reserve Fund	3,521,123	Capital Reserve Fund	-
Open Space Fund	-	Open Space Fund	2,400,000
Sewer Operating Fund	203,260	Sewer Capital Fund	203,260
Total	\$ 3,902,450	Total	\$ 3,902,450

Interfund transfers primarily represent budgeted appropriations from the General Fund and Sewer Fund to subsidize capital projects and activities within other funds.

NOTE 6 LEASE RECEIVABLE

The Township has entered into a long-term lease agreement as lessor of property which expired March 2024 and was extended through March 2029. An initial lease receivable for the original lease was recorded in the amount of \$703,075 and \$710,393 for the lease extension. The lease receivable for the lease extension has an imputed interest rate of 5% and has a lease term of five years. As of December 31, 2025, the value of the lease receivable and deferred inflows of resources was \$545,842. The term of the lease was five years as of the contract commencement.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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The future minimum lease payments to be received under the leases and the net present value of the future minimum lease payments to be received as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 159,197
2027	163,180
2028	167,256
2029	56,209
Total	<u>545,842</u>
Less: Amount Representing Interest	<u>(58,459)</u>
Present Value of Minimum Lease Payments	<u>\$ 487,383</u>

NOTE 7 NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2025:

	<u>Balance January 1, 2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2025</u>	<u>Amount Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
Bonds Payable	\$ 4,995,000	\$ -	\$ 235,000	\$ 4,760,000	\$ 165,000
Bond Premiums	59,481	-	2,974	56,507	-
Total General Obligation Debt	5,054,481	-	237,974	4,816,507	165,000
Other Noncurrent Liabilities:					
Right-to-Use Lease Liability	34,585	-	8,144	26,441	8,470
Police Net OPEB Liability (Asset)	23,772	-	499,287	(475,515)	-
Police Net Pension Liability (Asset)	1,650,355	-	2,725,684	(1,075,329)	-
Nonuniform Net Pension Liability (Asset)	(115,238)	-	946,776	(1,062,014)	-
Total Other Noncurrent Liabilities	1,593,474	-	4,179,891	(2,586,417)	8,470
Total Governmental Activities	<u>\$ 6,647,955</u>	<u>\$ -</u>	<u>\$ 4,417,865</u>	<u>\$ 2,230,090</u>	<u>\$ 173,470</u>

NOTE 8 GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the Township for which full faith and credit are pledged and is payable from unrestricted sources. The Township has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures.

General obligation debt outstanding as of December 31, 2025 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Finally Maturity</u>	<u>Principal Outstanding</u>
General Obligation Bond:				
Series of 2024	4.00%-5.00%	\$ 4,995,000	8/1/2044	<u>\$ 4,760,000</u>
Total General Obligation Bonds				<u>\$ 4,760,000</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Annual debt service requirements to maturity on these obligations are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	\$ 165,000	\$ 199,550	\$ 364,550
2027	175,000	191,300	366,300
2028	185,000	182,550	367,550
2029	190,000	173,300	363,300
2030	200,000	163,800	363,800
2031-2035	1,140,000	681,200	1,821,200
2036-2040	1,385,000	434,800	1,819,800
2041-2044	1,320,000	134,600	1,454,600
Total	<u>\$ 4,760,000</u>	<u>\$ 2,161,100</u>	<u>\$ 6,921,100</u>

Series of 2024 General Obligation Bonds

In December 2024, the Township issued \$4,995,000 of general obligation bonds, Series of 2024 for the purpose of providing funding for the acquisition, development and design of a property for use as the Township's new public works facility and to pay for the cost of issuing the bonds.

NOTE 9 RIGHT-TO-USE LEASES PAYABLE

The Township entered into a long-term lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$42,573. As of December 31, 2025, the carrying amount of the lease liability is \$26,441. The lease has an imputed interest rate of 3.93%. The copiers estimated useful life was five years as of the contract commencement. The net asset value of the intangible right-to-use asset as of December 31, 2025 is \$25,543, net of accumulated amortization of \$17,030, and is included with noncurrent assets on the statement of net position.

Year Ending June 30,	Amount
2026	\$ 9,564
2027	9,564
2028	9,564
Total	28,692
Less: Amount Representing Interest	<u>(2,251)</u>
Present Value of Minimum Lease Payments	<u>\$ 26,441</u>

NOTE 10 POSTEMPLOYMENT RETIREMENT PLAN

The Lower Gwynedd Township Police Postemployment Benefits Plan (OPEB Plan) is a contributory, single-employer postretirement benefits plan that covers all full-time uniformed police officers of the Township. The OPEB Plan provides postretirement medical benefits upon retirement or disability to plan members and their beneficiaries, pursuant to Township ordinances and the collective bargaining agreement between the Township and the police officers. The OPEB Plan can be amended by the Township through its ordinances and union contracts. The OPEB Plan is administered by a plan administrator appointed by the Board of Supervisors of the Township.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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Plan Membership

Membership in the OPEB Plan consisted of the following at January 1, 2025:

Active Employees	22
Retirees and Beneficiaries Currently Receiving Benefits	3
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	-
Total	<u><u>25</u></u>

Funding Policy

The contribution requirements of retirees are established and may be amended by the Board of Supervisors.

Other Postemployment Benefits Trust

Basis of Accounting

The OPEB Plan's financial statements are prepared using the accrual basis of accounting. OPEB plan member contributions by retired officers toward their postretirement benefits reduce the employer cost and the resulting liability. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the OPEB plan.

Annual OPEB Cost

The annual OPEB cost was determined as part of the January 1, 2025 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.50% investment rate of return (net of administrative costs) and (b) 2.50% inflation and 5.50% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total OPEB liability is 6.50% based upon the expected rate of return, net of expected investment expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investment was applied to all periods of projected benefit payments to determine the total pension liability. The Township's funding policy is to fund the rate subsidies through the General Fund and pay only the actual premiums for retired members from the OPEB trust.

Rate of Return

The long-term expected rate of return on OPEB Plan investments was determined using the 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 class. These ranges are combined to produce the long-

**LOWER GWYNEDD TOWNSHIP
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term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on OPEB Plan investments, net of investment expenses, was 10.79%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

A schedule of plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	42%	
International Equity	23%	
Fixed Income	34%	
Cash	1%	
Total	<u>100%</u>	<u>6.50%</u>

Net OPEB Liability

The Township's net OPEB liability has been measured as of December 31, 2025. The total OPEB liability was determined by an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The net OPEB asset is \$475,515 measured as the difference between the total OPEB liability of \$1,003,456 and the fiduciary net position of \$1,478,971.

The Township's change in total OPEB liability, plan fiduciary net position, and net OPEB liability (asset) for the year ended December 31, 2025 were as follows:

	Total OPEB Liability (A)	Fiduciary Net Position (B)	Net Position Liability (Asset) (A) - (B)
Balance as of December 31, 2024	\$1,277,670	\$ 1,253,898	\$ 23,772
Charges for the Year:			
Service Cost	31,654	-	31,654
Interest on Total OPEB Liability	70,327	-	70,327
Changes in Actuarial Assumptions	(160,500)	-	(160,500)
Differences Between Expected and Actual Experience	(203,782)	-	(203,782)
Difference Between Projected and Actual Earnings	-	117,757	(117,757)
Employer Contributions	-	36,913	(36,913)
Net Investment Income	-	82,316	(82,316)
Benefit Payments	(11,913)	(11,913)	-
Net Changes	<u>(274,214)</u>	<u>225,073</u>	<u>(499,287)</u>
Balance as of December 31, 2025	<u>\$1,003,456</u>	<u>\$ 1,478,971</u>	<u>\$ (475,515)</u>

**LOWER GWYNEDD TOWNSHIP
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Sensitivity of the Net OPEB Liability (Asset) to Change in Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) for December 31, 2025, calculated using current healthcare cost trends as well as what the net OPEB liability (asset) would be if healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	<u>\$ (566,857)</u>	<u>\$ (475,515)</u>	<u>\$ (371,791)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the Township calculated using the discount rate 6.50%, as well as what the net OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
Net OPEB Liability (Asset)	<u>\$ (398,512)</u>	<u>\$ (475,515)</u>	<u>\$ (546,310)</u>

OPEB Expense (Income) and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Township recognized OPEB expense (income) of (\$73,064). At December 31, 2025, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences Between Expected and Actual Experience	\$ 34,199	\$ 348,872
Changes of Assumptions	8,018	268,110
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	101,556
Total	<u>\$ 42,217</u>	<u>\$ 718,538</u>

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

Year Ended December 31,	<u>Amount</u>
2026	\$ (77,655)
2027	(124,549)
2028	(110,896)
2029	(102,573)
2030	(79,024)
Thereafter	<u>(181,624)</u>
Total	<u>\$ (676,321)</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Actuarial Methods and Significant Assumptions

- Invest return – 6.50% (including inflation)
- Discount rate – 6.50%
- Inflation – 2.50%
- Salary increases – 5.50% per year
- Mortality rates – SOA Pub-2010 public safety headcount-weighted mortality margin for mortality improvements: scale MP-2021.

NOTE 11 EMPLOYEE RETIREMENT PLANS

Police Pension Fund

The Lower Gwynedd Township Police Pension Fund accounts for a contributory, single-employer defined benefit pension plan (the Police Pension Plan) that covers all full-time uniformed police officers of the Township. The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries, pursuant to Act 600 of 1956, as amended.

Management of the plan is vested in Investment Advisory Committee, which consists up to eleven members – four Township residents appointed by the Township, two members of the Board of Supervisors, the Township Manager, the Assistant Township Manager, the Finance Director, one nonuniform employee and one police officer. The Investment Advisory Committee is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors of the Township as the administrative, operation and investment of the plan.

Plan Membership

Membership in the Police Pension Plan consisted of the following at December 31, 2025:

Active employees	17
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	1
Total	34

Benefit Provisions

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Police Pension Plan.

Members are eligible for normal retirement after attainment of age 50 (age 55 for any employee hired on or after January 1, 2013) and 25 years of service and early retirement after 20 years of service. Normal retirement benefits are calculated as 50% of average compensation during the final 36 months of employment plus a service increment of \$400 per month for each completed year of benefit service in excess of 25 years, up to a maximum increment of three years of \$1,200 per year. This benefit will be reduced for early commencement. If a member leaves the employment of the Township or ceases to be a member for any reason, they will be vested in their benefit

**LOWER GWYNEDD TOWNSHIP
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after 12 years of full-time service and their vested benefit would be equal to 50% of monthly average compensation multiplied by years of service at termination divided by the service they would have had if they worked until normal retirement.

If a member is totally and permanently disabled in the line of duty, they are eligible for disability payments equal to 50% of their salary at the time of disability.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse or eligible dependent child, equal to 50% of the normal monthly retirement benefit.

Basis of Accounting

The Police Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Police Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Police Pension Plan are based upon the minimum municipal obligation (the MMO). The MMO is derived from the Police Pension Plan's biennial actuarial valuation. Members in the Police Pension Plan are required to contribute 5.00% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

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

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2025 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.50% investment rate of return (net of administrative costs) and (b) 3.00% inflation and 5.50% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 6.50%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost, plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the 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 class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO was 15.74%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

A schedule of plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	42.43%	
International Equity	23.18%	
Fixed Income	32.33%	
Cash	<u>2.06%</u>	
Total	<u>100.00%</u>	<u>6.50%</u>

Net Pension Liability

The Township's net pension liability has been measured as of December 31, 2025. The total pension liability was determined by an actuarial valuation as of January 1, 2025, and by rolling forward the liabilities from the January 1, 2025 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The plan had a net pension asset of \$1,075,329 measured as the difference between the total pension liability of \$23,052,707 and the fiduciary net position of \$24,128,036.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Township's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2025 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balance as of December 31, 2024	\$22,758,063	\$ 21,107,708	\$ 1,650,355
Charges for the Year:			
Service Cost	617,395	-	617,395
Interest on Total Pension Liability	1,394,979	-	1,394,979
Differences Between Expected and Actual Experience	-	-	-
Employer Contributions	-	448,011	(448,011)
Member Contributions	-	140,367	(140,367)
Net Investment Income	-	3,273,718	(3,273,718)
Benefit Payments	(841,768)	(841,768)	-
Net Changes	<u>294,644</u>	<u>3,020,328</u>	<u>(2,725,684)</u>
Balance as of December 31, 2025	<u>\$23,052,707</u>	<u>\$ 24,128,036</u>	<u>\$ (1,075,329)</u>

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 6.50%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	<u>\$ 1,889,699</u>	<u>\$ (1,075,329)</u>	<u>\$ (3,518,067)</u>

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

For the year ended December 31, 2025, the Township recognized pension expense of \$346,110. At December 31, 2025, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 802,512
Changes of Assumptions	265,078	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,604,368
Total	<u>\$ 265,078</u>	<u>\$ 2,406,880</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2026	\$ 53,912
2027	(1,035,178)
2028	(765,883)
2029	(394,653)
2030	-
Thereafter	-
Total	<u><u>\$ (2,141,802)</u></u>

Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of no more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. The DROP balance at December 31, 2025 was \$467,722.

Actuarial Methods and Significant Assumptions

- Investment return – 6.50%
- Discount rate – 6.50%
- Inflation – 3.00%
- Salary increases – 5.50% per year
- Mortality rates – Pub-2010 safety amount-weighted mortality table, projected from 2010 mortality improvement scale MP-2021.

Nonuniform Pension Fund

The Lower Gwynedd Township Nonuniform Pension Fund accounts for a contributory, single-employer defined benefit pension plan (the Nonuniform Pension Plan) that covers all full-time nonuniformed employees of the Township.

Management of the plan is vested in Investment Advisory Committee, which consists up to eleven members – four Township residents appointed by the Township, two members of the Board of Supervisors, the Township Manager, the Assistant Township Manager, the Finance Director, one nonuniform employee and one police officer. The Investment Advisory Committee is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors of the Township as of the administrative, operation and investment of the plan.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Plan Membership

Membership in the Nonuniform Pension Plan consisted of the following at December 31, 2025:

Active employees	5
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	<u>7</u>
Total	<u><u>27</u></u>

Benefit Provisions

The Nonuniform Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Nonuniform Pension Plan.

Members are eligible for normal retirement after attainment of age 65 and age 60 for early retirement. Normal retirement benefits are calculated as 50% of average compensation during the final 36 months of employment reduced for service less than 25 years. Members will be vested in their benefit after 10 years of full-time service. This benefit will be reduced for early commencement. If a member leaves the employment of the Township or ceases to be a member for any reason, the benefit will be reduced by one half of 1% for each month that the early retirement death precedes the normal retirement date.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse or eligible dependent child, equal to 50% of the normal monthly retirement benefit.

Basis of Accounting

The Nonuniform Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Nonuniform Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Nonuniform Pension Plan are based upon the minimum municipal obligation (the MMO). The MMO is derived from the Nonuniform Pension Plan's biennial actuarial valuation. Members in the Nonuniform Pension Plan are not required to make contributions to the Nonuniform Pension Plan. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Administrative Costs

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

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2025 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.25% investment rate of return (net of administrative costs) and (b) 3.00% inflation and 5.00% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 6.25%. The Nonuniform Pension Plan's fiduciary net position is projected to be available to make all projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost, plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the 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 class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO was 15.71%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

A schedule of plan investment by asset class, target allocations, and long-term expected rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	43.00%	
International Equity	23.00%	
Fixed Income	32.00%	
Cash	2.00%	
Total	<u>100.00%</u>	<u>6.25%</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Net Pension Asset

The Township's net pension asset has been measured as of December 31, 2025. The total pension liability was determined by an actuarial valuation as of January 1, 2025, and by rolling forward the liabilities from the January 1, 2025 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The plan had a net pension asset of \$1,062,014 measured as the difference between the total pension liability of \$6,699,183 and the fiduciary net position of \$7,761,197.

The Township's change in total pension liability (asset), plan fiduciary net position, and net pension liability (asset), plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2025 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (Asset) (A) - (B)</u>
Balance as of December 31, 2024	\$ 6,791,731	\$ 6,906,969	\$ (115,238)
Charges for the Year:			
Service Cost	77,976	-	77,976
Interest Cost	399,679	-	399,679
Changes of Assumptions	175,519	-	175,519
Differences Between Expected and Actual Experience	(399,045)	-	(399,045)
Net Investment Income	-	1,062,579	(1,062,579)
Benefit Payments	(346,677)	(346,677)	-
Other Changes	-	138,326	(138,326)
Net Changes	<u>(92,548)</u>	<u>854,228</u>	<u>(946,776)</u>
Balance as of December 31, 2025	<u>\$ 6,699,183</u>	<u>\$ 7,761,197</u>	<u>\$ (1,062,014)</u>

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 6.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

	<u>1% Decrease 5.25%</u>	<u>Current Discount Rate 6.25%</u>	<u>1% Increase 7.25%</u>
Net Pension Liability (Asset)	<u>\$ (279,669)</u>	<u>\$ (1,062,014)</u>	<u>\$ (1,722,376)</u>

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Pension Expense (Income) and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2025, the Township recognized pension income of \$172,975. At December 31, 2025, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 15,347
Changes of Assumptions	6,750	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	512,233
Total	\$ 6,750	\$ 527,580

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

Year Ended December 31,	Amount
2026	\$ 68,791
2027	(277,138)
2028	(184,140)
2029	(128,343)
2030	-
Thereafter	-
Total	\$ (520,830)

Actuarial Methods and Significant Assumptions

- Investment return – 6.25%
- Discount rate – 6.25%
- Inflation – 3.00%
- Salary increases – 5.00% per year
- Mortality rates – Pub-2010 general amount-weighted mortality table, projected from 2010 mortality improvement scale MP-2021

NOTE 12 NONUNIFORM DEFINED CONTRIBUTION PLAN

The Township sponsors a defined contribution pension plan (the Defined Contribution Plan). The Defined Contribution Plan covers all full-time employees of the Township, except for police officers. The assets of the Defined Contribution Plan, totaled \$396,040 as of December 31, 2025, are invested separately, and the Defined Contribution Plan's assets may be used only for the payment of benefits to the members of the Defined Contribution Plan. Investments are managed by the Defined Contribution Plan's administrator under several different investment options, or combinations thereof.

Eligibility

Full-time nonuniformed employees are eligible to join the Defined Contribution Plan after six months of employment.

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Contributions

The Township contributes 4.00% of compensation after five months, 6.00% after three years, 8.00% after six years and 10% after 10 years. Employees are not required to contribute to the Nonuniform Pension Plan. The Township's contributions totaled \$98,202 for 2025.

Death Benefits

If a member dies while an active member of the Defined Contribution Plan, his account will be 100% vested and payable to the member's spouse or designated beneficiary or beneficiaries.

Vesting

If a member in the Defined Contribution Plan terminates other than by retirement, disability or death, the percentage of his employer contribution account to which he will be entitled depends upon the number of years of credited service. Employees are fully vested after five years of continuous service.

Forfeiture

When a member terminates before becoming 100% vested, the portion of his account to which he is not entitled is used to reduce future Township contributions to the Defined Contribution Plan. There was a balance of \$2 in forfeitures as of December 31, 2025.

NOTE 13 DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to those employees who meet the eligibility requirements set forth in the deferred compensation plan, permits employees to defer a portion of their salary until future years. Assets of the deferred compensation plan totaled \$10,757,343 as of December 31, 2025 are not available to employees until termination, retirement, death, disability or unforeseeable emergency. All amounts of compensation deferred under the deferred compensation plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The Township has no liability for losses under the plan. Investments are managed by the plan's administrator under several different investment options or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the deferred compensation plan. Accordingly, the assets of the deferred compensation plan are not included in these financial statements.

NOTE 14 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustment resulting from subsequent examinations are

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

NOTE 15 RISK MANAGEMENT

Health Insurance

The Township participates in a healthcare trust with other governmental entities from Pennsylvania and Delaware. The healthcare trust is a public entity risk pool designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the healthcare trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for 12 months and represents a total risk transfer to the healthcare trust. The Township is not responsible for any additional assessments upon termination. The healthcare trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

Property and Liability

The Township, with other governmental entities from Pennsylvania and Delaware, participate in a property and liability trust, which is a public entity risk pool currently operating as a common risk management and insurance program. The Township and the other participating members pay an annual premium to the property and liability trust for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the property and liability trust's insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the property and liability trust that the property and liability trust will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating of the property and liability trust against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance. As of December 31, 2025, the Township is not aware of any additional assessments relating to the property and liability trust.

Worker's Compensation

The Township and other Pennsylvania municipalities participate in a worker's compensation trust, which is a cooperative voluntary arrangement. The Township and the other participating members pay an annual premium to the workers' compensation trust for the purpose of seeing prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the workers' compensation trust that the workers' compensation trust will utilize funds contributed by the participating members,

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
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which shall be held in trust, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and the purchase excess and aggregate insurance. As of December 31, 2025, the Township is not aware of any additional assessments relating to the workers' compensation trust.

Other Risks

The Township is exposed to other risks of loss, including errors and omissions. The Township has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 17 COMBINING PENSION AND OPEB TRUST FUNDS

The following is a combining schedule of Fiduciary Net Position and Fiduciary Changes in Net Position for the Township's Pension and OPEB Trust Funds:

	Nonuniformed Fund	Police Pension Fund	Other Postemployment Fund	Defined Contribution Fund	Total
<u>Assets</u>					
Cash and Cash Equivalents	\$ 141,372	\$ 495,286	\$ 9,258	\$ -	\$ 645,916
Investments	7,594,277	23,603,185	1,469,684	396,040	33,063,186
Accrued Income	25,548	29,565	29	-	55,142
Total Assets	\$ 7,761,197	\$ 24,128,036	\$ 1,478,971	\$ 396,040	\$ 33,764,244
<u>Liabilities</u>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>					
Restricted for Pension Benefits	7,761,197	24,128,036	-	396,040	32,285,273
Restricted for OPEB	-	-	1,478,971	-	1,478,971
Total Net Position	\$ 7,761,197	\$ 24,128,036	\$ 1,478,971	\$ 396,040	\$ 33,764,244

**LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Nonuniformed Fund	Police Pension Fund	Other Postemployment Fund	Defined Contribution Fund	Total
<u>Additions</u>					
Contributions					
Employer Contributions	\$ -	\$ 448,011	\$ 36,913	\$ 92,105	\$ 577,029
Employee Contributions	-	140,367	-	-	140,367
Miscellaneous	138,326	58	-	-	138,384
Total Contributions	<u>138,326</u>	<u>588,436</u>	<u>36,913</u>	<u>92,105</u>	<u>855,780</u>
<u>Investment Income</u>					
Net Realized and Unrealized Gain on Investments	885,326	2,726,458	166,733	70,597	3,849,114
Interest and Dividends, Net of Expenses	<u>177,253</u>	<u>547,202</u>	<u>33,340</u>	<u>-</u>	<u>757,795</u>
Total Investment Income	<u>1,062,579</u>	<u>3,273,660</u>	<u>200,073</u>	<u>70,597</u>	<u>4,606,909</u>
Total Additions	1,200,905	3,862,096	236,986	162,702	5,462,689
<u>Deductions</u>					
Benefits Paid	<u>346,677</u>	<u>841,768</u>	<u>11,913</u>	<u>194,247</u>	<u>1,394,605</u>
Total Deductions	<u>346,677</u>	<u>841,768</u>	<u>11,913</u>	<u>194,247</u>	<u>1,394,605</u>
<u>Change in Net Position</u>	854,228	3,020,328	225,073	(31,545)	4,068,084
<u>Net Position</u>					
Beginning of Year	<u>6,906,969</u>	<u>21,107,708</u>	<u>1,253,898</u>	<u>427,585</u>	<u>29,696,160</u>
End of Year	<u>\$ 7,761,197</u>	<u>\$ 24,128,036</u>	<u>\$ 1,478,971</u>	<u>\$ 396,040</u>	<u>\$ 33,764,244</u>

NOTE 18 EXCESS OF EXPENDITURES OVER APPROPRIATION IN MAJOR FUNDS

The following major fund had an excess of actual expenditures over budget for the year ended December 31, 2025:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess over Appropriations</u>
General Fund	\$ 9,624,613	\$ 9,708,787	\$ 84,174

The excess expenditures over appropriation were funded by prior year fund balance in the General Fund.

NOTE 19 SUBSEQUENT EVENTS

In preparing the financial statements, the Township evaluated events and transactions for potential recognition or disclosure through May 28, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 102, Certain Risk Disclosures.

Management evaluated whether any events occurring after year-end presented significant risks that (1) existed at the date of the financial statements or (2) arose after year-end but before the financial statements were available to be issued. Management has determined that no events occurring subsequent to December 31, 2025, required adjustment of, or disclosure in, the financial statements, and no significant risks were identified that met the criteria for disclosure under GASB 102.

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Real Estate Taxes	\$ 1,241,815	\$ 1,225,055	\$ (16,760)
Real Estate Transfer Taxes	700,000	715,443	15,443
Earned Income Taxes	5,675,000	6,087,985	412,985
Mercantile Taxes	240,000	250,166	10,166
Local Services Taxes	415,000	478,638	63,638
Business Privilege Tax	440,000	738,272	298,272
Total Taxes	8,711,815	9,495,559	783,744
Licenses and Permits	237,000	243,032	6,032
Fines and Forfeits	10,500	35,175	24,675
Interest, Rents and Royalties	665,633	617,631	(48,002)
Intergovernmental Revenues	524,829	571,779	46,950
Charges for Services	804,845	655,762	(149,083)
Contributions	30,000	33,967	3,967
Miscellaneous	10,000	8,949	(1,051)
Total Revenues	10,994,622	11,661,854	667,232
Expenditures:			
Current:			
General Government	2,197,920	2,118,381	79,539
Public Safety	6,072,385	6,108,842	(36,457)
Public Works - Highways and Streets	1,354,308	1,473,420	(119,112)
Debt Service	-	8,144	(8,144)
Total Expenditures	9,624,613	9,708,787	(84,174)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,370,009	1,953,067	583,058
OTHER FINANCING SOURCES (USES)			
Transfers In	13,067	13,067	-
Transfers Out	(943,343)	(1,193,343)	(250,000)
Total Other Financing Sources (Uses)	(930,276)	(1,180,276)	(250,000)
NET CHANGE IN FUND BALANCE	\$ 439,733	772,791	\$ 333,058
FUND BALANCE			
Beginning of Year		7,869,057	
End of Year		\$ 8,641,848	

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - TRAFFIC IMPACT FUND
YEAR ENDED DECEMBER 31, 2025**

	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest and Rents	\$ 84,000	\$ 84,000	\$ 66,460	\$ (17,540)
Charges for Services	50,000	50,000	-	(50,000)
Total Revenues	134,000	134,000	66,460	(67,540)
 NET CHANGE IN FUND BALANCE	 \$ 134,000	 \$ 134,000	 66,460	 \$ (67,540)
 FUND BALANCE				
Beginning of Year			1,762,165	
End of Year			\$ 1,828,625	

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - HIGHWAY AID FUND
YEAR ENDED DECEMBER 31, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Interest and Rents	\$ 18,000	\$ 18,000	\$ 29,447	\$ 11,447
Intergovernmental Revenues	368,214	368,214	367,326	(888)
Total Revenues	<u>386,214</u>	<u>386,214</u>	<u>396,773</u>	<u>10,559</u>
Expenditures				
Public Works - Highways and Streets	420,000	420,000	71,237	348,763
Total Expenditures	<u>420,000</u>	<u>420,000</u>	<u>71,237</u>	<u>348,763</u>
NET CHANGE IN FUND BALANCE	<u>\$ (33,786)</u>	<u>\$ (33,786)</u>	325,536	<u>\$ 359,322</u>
FUND BALANCE				
Beginning of Year			<u>465,447</u>	
End of Year			<u>\$ 790,983</u>	

LOWER GWYNEDD TOWNSHIP
SCHEDULE OF CHANGES IN TOWNSHIP'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -
POLICE PENSION PLAN
FOR THE LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 617,395	\$ 703,562	\$ 666,884	\$ 486,546	\$ 461,181	\$ 499,396	\$ 425,522	\$ 414,155	\$ 392,563	\$ 350,814
Interest on Total Pension Liability	1,394,979	1,368,877	1,286,331	1,266,098	1,193,013	1,054,415	1,059,256	1,034,221	969,430	924,958
Changes of Assumptions	-	-	1,211,794	-	18,861	923,072	109,015	-	-	-
Differences Between Expected and Actual Experience	(875,962)	-	(652,975)	-	63,749	24,845	(720,111)	-	(171,384)	-
Benefit Payments, Excluding Drop Payments	(841,768)	(748,031)	(618,524)	(599,213)	(621,054)	(587,666)	(502,568)	(497,964)	(509,059)	(510,965)
Net change in Total Pension Liability	294,644	1,324,408	1,893,510	1,153,431	1,115,750	1,914,062	371,114	950,412	681,550	764,807
Total Pension Liability - Beginning	22,758,063	21,433,655	19,540,145	18,386,714	17,270,964	15,356,902	14,985,788	14,035,376	13,353,826	12,589,019
Total Pension Liability - Ending	<u>\$ 23,052,707</u>	<u>\$ 22,758,063</u>	<u>\$ 21,433,655</u>	<u>\$ 19,540,145</u>	<u>\$ 18,386,714</u>	<u>\$ 17,270,964</u>	<u>\$ 15,356,902</u>	<u>\$ 14,985,788</u>	<u>\$ 14,035,376</u>	<u>\$ 13,353,826</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ 448,011	\$ 448,845	\$ 315,262	\$ 288,801	\$ 420,930	\$ 511,213	\$ 1,106,711	\$ 769,672	\$ 806,378	\$ 764,786
Employee Contributions	140,367	151,577	160,239	110,273	113,734	113,893	121,645	108,160	104,613	99,622
Net Investment Income (Loss)	3,273,718	2,058,244	2,434,015	(3,407,249)	2,507,227	2,415,476	2,656,624	(686,023)	1,912,527	716,596
Benefit Payments, Excluding Drop Benefits	(841,768)	(748,031)	(618,524)	(599,213)	(621,054)	(587,666)	(502,568)	(497,964)	(509,059)	(510,965)
Other Changes	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Position	3,020,328	1,910,635	2,290,992	(3,607,388)	2,420,837	2,452,916	3,382,412	(306,155)	2,314,459	1,070,039
Plan Fiduciary Net Position - Beginning	21,107,708	19,197,073	16,906,081	20,513,469	18,092,632	15,639,716	12,257,304	12,563,459	10,249,000	9,178,961
Plan Fiduciary Net Position - Ending	<u>\$ 24,128,036</u>	<u>\$ 21,107,708</u>	<u>\$ 19,197,073</u>	<u>\$ 16,906,081</u>	<u>\$ 20,513,469</u>	<u>\$ 18,092,632</u>	<u>\$ 15,639,716</u>	<u>\$ 12,257,304</u>	<u>\$ 12,563,459</u>	<u>\$ 10,249,000</u>
Net Pension Liability (Asset) - Ending	<u>\$ (1,075,329)</u>	<u>\$ 1,650,355</u>	<u>\$ 2,236,582</u>	<u>\$ 2,634,064</u>	<u>\$ (2,126,755)</u>	<u>\$ (821,668)</u>	<u>\$ (282,814)</u>	<u>\$ 2,728,484</u>	<u>\$ 1,471,917</u>	<u>\$ 3,104,826</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.66%	92.75%	89.57%	86.52%	111.57%	104.76%	101.84%	81.79%	89.51%	76.75%
Internal Money-Weighted Rate of Return	15.74%	10.95%	14.57%	-16.93%	13.94%	15.55%	21.09%	-5.40%	18.31%	7.55%
Covered Payroll	\$ 2,913,905	\$ 2,707,387	\$ 2,823,919	\$ 2,533,917	\$ 2,279,371	\$ 2,184,338	\$ 2,449,851	\$ 2,170,474	\$ 2,089,024	\$ 2,008,538
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-36.90%	60.96%	79.20%	103.95%	-93.30%	-37.62%	-11.54%	125.71%	70.46%	154.58%

LOWER GWYNEDD TOWNSHIP
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY AND RELATED RATIOS -
NON-UNIFORM PENSION FUND
FOR THE LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 77,976	\$ 79,723	\$ 75,926	\$ 110,634	\$ 105,365	\$ 115,034	\$ 98,099	\$ 101,256	\$ 96,435	\$ 145,646
Interest on Total Pension Liability	399,679	421,069	412,991	422,724	406,828	374,928	383,255	355,733	338,964	324,467
Changes of Assumptions	175,519	-	336,167	-	10,047	293,367	175,118	-	-	-
Differences Between Expected and Actual Experience	(399,045)	-	(214,303)	-	(115,151)	14,750	(31,323)	-	(89,588)	-
Benefit Payments, Excluding Drop Payments	(346,677)	(374,086)	(355,206)	(325,640)	(244,580)	(229,932)	(240,690)	(224,829)	(202,217)	(171,621)
Net change in Total Pension Liability	(92,548)	126,706	255,575	207,718	162,509	568,147	384,459	232,160	143,594	298,492
Total Pension Liability - Beginning	6,791,731	6,665,024	6,409,449	6,201,731	6,039,222	5,471,075	5,086,616	4,854,456	4,710,862	4,412,370
Total Pension Liability - Ending	<u>\$ 6,699,183</u>	<u>\$6,791,730</u>	<u>\$6,665,024</u>	<u>\$6,409,449</u>	<u>\$ 6,201,731</u>	<u>\$6,039,222</u>	<u>\$5,471,075</u>	<u>\$5,086,616</u>	<u>\$4,854,456</u>	<u>\$4,710,862</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ -	\$ 6,028	\$ 26,173	\$ 33,755	\$ 177,229	\$ 202,993	\$ 237,625	\$ 178,934	\$ 177,765	\$ 207,493
Employee Contributions	-	-	-	-	-	-	-	-	-	-
Net Investment Income (Loss)	1,062,579	694,568	847,750	(1,251,104)	930,606	911,706	1,021,166	(257,996)	797,736	308,276
Benefit Payments, Excluding Drop Benefits	(346,677)	(374,086)	(355,206)	(325,640)	(244,580)	(229,932)	(240,690)	(224,829)	(202,217)	(171,621)
Other Changes	138,326	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Position	854,228	326,510	518,717	(1,542,989)	863,255	884,767	1,018,101	(303,891)	773,284	344,148
Plan Fiduciary Net Position - Beginning	6,906,969	6,580,458	6,061,741	7,604,730	6,741,475	5,856,708	4,838,607	5,142,498	4,369,214	4,025,066
Plan Fiduciary Net Position - Ending	<u>\$ 7,761,197</u>	<u>\$6,906,968</u>	<u>\$6,580,458</u>	<u>\$6,061,741</u>	<u>\$ 7,604,730</u>	<u>\$6,741,475</u>	<u>\$5,856,708</u>	<u>\$4,838,607</u>	<u>\$5,142,498</u>	<u>\$4,369,214</u>
Net Pension Liability (Asset) - Ending	<u>\$ (1,062,014)</u>	<u>\$ (115,238)</u>	<u>\$ 84,566</u>	<u>\$ 347,708</u>	<u>\$ (1,402,999)</u>	<u>\$ (702,253)</u>	<u>\$ (385,633)</u>	<u>\$ 248,009</u>	<u>\$ (288,042)</u>	<u>\$ 341,648</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.85%	101.70%	98.73%	94.58%	122.62%	111.63%	107.05%	95.12%	105.93%	92.75%
Internal Money-Weighted Rate of Return	15.71%	10.99%	14.44%	-17.08%	13.91%	15.68%	21.10%	-5.05%	18.27%	7.54%
Covered Payroll	\$ 486,682	\$ 539,533	\$ 592,011	\$ 808,886	\$ 911,540	\$ 928,617	\$ 977,952	\$ 978,917	\$ 958,383	\$ 1,004,002
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-218.22%	-21.36%	14.28%	42.99%	-153.92%	-75.62%	-39.43%	25.34%	-30.05%	34.03%

**LOWER GWYNEDD TOWNSHIP
SCHEDULE OF TOWNSHIP CONTRIBUTIONS - POLICE PENSION FUND
FOR THE LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 448,011	\$ 448,845	\$ 289,369	\$ 243,202	\$ 420,930	\$ 477,270	\$ 561,743	\$ 741,647	\$ 787,378	\$ 764,786
Contribution in Relation to the Actuarially Determined Contribution	448,011	448,845	315,262	288,801	420,930	511,213	1,106,711	769,672	806,378	764,786
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,893)</u>	<u>\$ (45,599)</u>	<u>\$ -</u>	<u>\$ (33,943)</u>	<u>\$ (544,968)</u>	<u>\$ (28,025)</u>	<u>\$ (19,000)</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 2,913,905</u>	<u>\$ 2,707,387</u>	<u>\$ 2,823,919</u>	<u>\$ 2,533,917</u>	<u>\$ 2,279,371</u>	<u>\$ 2,184,338</u>	<u>\$ 2,449,851</u>	<u>\$ 2,170,474</u>	<u>\$ 2,089,024</u>	<u>\$ 2,008,538</u>
Contributions as a Percentage of Covered Payroll	15.37%	16.58%	11.16%	11.40%	18.47%	23.40%	45.17%	35.46%	38.60%	38.08%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2025
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	10 years
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	6.50%
Projected Salary Increases	5.50%
Includes Inflation at	3.00%
Cost-of-Living Adjustment	3.00%
Mortality	Pub-2010 Safety Amount-Weighted Mortality Table, Projected from 2010 Mortality Improvement Scale MP-2021

**LOWER GWYNEDD TOWNSHIP
SCHEDULE OF TOWNSHIP CONTRIBUTIONS - NON-UNIFORM PENSION FUND
FOR THE LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ -	\$ -	\$ 3,792	\$ 16,655	\$ 177,229	\$ 186,052	\$ 170,137	\$ 163,365	\$ 173,265	\$ 207,493
Contribution in Relation to the Actuarially Determined Contribution	-	6,028	26,173	33,755	177,229	202,993	237,625	178,934	177,765	207,493
Contribution Deficiency (Excess)	\$ -	\$ (6,028)	\$ (22,381)	\$ (17,100)	\$ -	\$ (16,941)	\$ (67,488)	\$ (15,569)	\$ (4,500)	\$ -
Covered Payroll	\$ 486,682	\$ 539,533	\$ 592,011	\$ 808,886	\$ 911,540	\$ 928,617	\$ 977,952	\$ 978,917	\$ 958,383	\$ 1,004,002
Contributions as a Percentage of Covered Payroll	0.00%	1.12%	4.42%	4.17%	19.44%	21.86%	24.30%	18.28%	18.55%	20.67%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2025
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	N/A
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	6.25%
Projected Salary Increases	5.00%
Includes Inflation at	3.00%
Mortality	Pub-2010 General Amount-Weighted Mortality Table, Projected from 2010 Mortality Improvement Scale MP -2021

LOWER GWYNEDD TOWNSHIP
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
FOR THE LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 31,654	\$ 33,348	\$ 32,384	\$ 25,977	\$ 26,218	\$ 25,599	\$ 23,846	\$ 28,734
Interest	70,327	76,655	83,993	94,091	92,215	86,596	69,397	77,831
Changes of Assumptions	(160,500)	10,246	(144,241)	-	(80,826)	(1,963)	(93,945)	-
Differences Between Expected and Actual Experience	(203,782)	-	(239,881)	-	106,969	-	(41,794)	-
Benefit Payments	(11,913)	(10,406)	(10,439)	(10,439)	(10,960)	(7,137)	(10,490)	(11,427)
Net Change in Total OPEB Liability	(274,214)	109,843	(278,184)	109,629	133,616	103,095	(52,986)	95,138
Total OPEB Liability - Beginning	1,277,670	1,167,827	1,446,011	1,336,382	1,202,766	1,099,671	1,152,657	1,057,519
Total OPEB Liability - Ending	<u>\$ 1,003,456</u>	<u>\$ 1,277,670</u>	<u>\$ 1,167,827</u>	<u>\$ 1,446,011</u>	<u>\$ 1,336,382</u>	<u>\$ 1,202,766</u>	<u>\$ 1,099,671</u>	<u>\$ 1,152,657</u>
Plan Fiduciary Net Position								
Net Investment Income	\$ 82,316	\$ 120,354	\$ 145,376	\$ (184,865)	\$ 141,429	\$ 135,452	\$ 121,732	\$ (32,950)
Employer Contributions	36,913	45,955	30,973	25,000	25,000	25,000	225,000	25,000
Administrative Expenses	-	-	(21,399)	-	-	-	-	-
Difference Between Projected and Actual Earnings	117,757	-	-	-	-	-	-	-
Benefit Payments	(11,913)	(10,406)	(10,439)	(10,439)	(10,960)	(7,137)	(10,490)	(11,427)
Net Change in Plan Fiduciary Net Position	225,073	155,903	144,511	(170,304)	155,469	153,315	336,242	(19,377)
Plan Fiduciary Net Position - Beginning	1,253,898	1,097,995	953,484	1,123,788	968,319	815,004	478,762	498,139
Plan Fiduciary Net Position - Ending	<u>\$ 1,478,971</u>	<u>\$ 1,253,898</u>	<u>\$ 1,097,995</u>	<u>\$ 953,484</u>	<u>\$ 1,123,788</u>	<u>\$ 968,319</u>	<u>\$ 815,004</u>	<u>\$ 478,762</u>
Net OPEB Liability - Ending	<u>\$ (475,515)</u>	<u>\$ 23,772</u>	<u>\$ 69,832</u>	<u>\$ 492,527</u>	<u>\$ 212,594</u>	<u>\$ 234,447</u>	<u>\$ 284,667</u>	<u>\$ 673,895</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	147.39%	98.14%	94.02%	65.94%	84.09%	80.51%	74.11%	41.54%
Internal Money-Weighted Rate of Return	10.79%	10.92%	-	-	-	-	-	-
Covered Payroll	\$ 3,226,818	\$ 3,017,936	\$ 3,020,501	\$ 2,442,710	\$ 2,279,371	\$ 2,470,594	\$ 2,449,851	\$ 2,170,474
Net OPEB Liability as a Percentage of Covered Payroll	-14.74%	0.79%	2.31%	20.16%	9.33%	9.49%	11.62%	31.0%

Notes to Schedule

Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

LOWER GWYNEDD TOWNSHIP
SCHEDULE OF THE TOWNSHIP'S OPEB CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 44,530	\$ 82,105	\$ 80,043	\$ 104,847	\$ 99,381	\$ 127,937	\$ 121,268	\$ 111,778	\$ 66,113	\$ 132,916
Contribution in Relation to the Actuarially Determined Contribution	36,913	35,549	30,973	25,000	25,000	25,000	225,000	25,000	199,500	25,000
Contribution Deficiency (Excess)	<u>\$ 7,617</u>	<u>\$ 46,556</u>	<u>\$ 49,070</u>	<u>\$ 79,847</u>	<u>\$ 74,381</u>	<u>\$ 102,937</u>	<u>\$ (103,732)</u>	<u>\$ 86,778</u>	<u>\$ (133,387)</u>	<u>\$ 107,916</u>
Covered Payroll	\$ 3,226,818	\$ 3,017,936	\$ 3,020,501	\$ 2,442,710	\$ 2,279,371	\$ 2,184,338	\$ 2,449,851	\$ 2,170,474	\$ 2,089,024	\$ 2,008,538
Contributions as a Percentage of Covered Payroll	1.14%	1.18%	1.03%	1.02%	1.10%	1.14%	9.18%	1.15%	9.55%	1.24%

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2025
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	Closed
Asset Valuation Method	Market Value
Discount Rate	6.50%
Investment Rate of Return	6.50%
Projected Salary Increases	5.50%
Includes Inflation at	2.50%
Healthcare Trend	Society of Actuaries Getzen Long Term Healthcare Cost Model
Mortality	SOA Pub-2010 Public Safety Headcount-Weighted Mortality Margin for mortality improvements: Scale MP-2021

**LOWER GWYNEDD TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

The Township has elected to use the modified approach to account for maintenance of its street system. The Township annually inspects its streets and roads, and the Township Road Master uses an internal system based on the PASER Pavement Evaluation Program. The Road Master evaluates individual streets and roads based on a numbering system of one through ten, where a rating of ten represents a new or revitalized condition, and a rating of one represents a worn/exhausted condition. These condition ratings also reflect the life expectancy before milling and overlay work is needed. The assessment of condition is made by visual test designed to reveal any condition that would reduce highway-user benefits below the required level of service. The Township's policy is to maintain the street condition at a level of five or better. The following reports the average condition as of December 31, 2025, and the preceding two periods:

<u>Year</u>	<u>Average Condition</u>
2023	7.588
2024	7.801
2025	7.582

**LOWER GWYNEDD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Street Lighting Fund	Fire Protection Fund	Fire Hydrant Fund	Recreation Fund	Totals
<u>Assets</u>					
Cash and Cash Equivalents	\$ 44,013	\$ 263,439	\$ 33,072	\$ 964	\$ 341,488
Taxes Receivable	-	3,363	692	6,565	10,620
Total Assets	\$ 44,013	\$ 266,802	\$ 33,764	\$ 7,529	\$ 352,108
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>					
<u>Liabilities</u>					
Accounts Payable and Accrued Expenses	\$ 923	\$ 6,000	\$ -	\$ 4,189	\$ 11,112
Due to Other Funds	-	-	-	57,160	57,160
Total Liabilities	923	6,000	-	61,349	68,272
<u>Deferred Inflows of Resources</u>					
Unavailable Revenues - Real Estate Taxes	-	3,666	754	7,155	11,575
Total Deferred Inflows of Resources	-	3,666	754	7,155	11,575
<u>Fund Balances</u>					
Restricted for:					
Street Lighting	43,090	-	-	-	43,090
Fire Protection	-	257,136	-	-	257,136
Fire Hydrant	-	-	33,010	-	33,010
Unassigned	-	-	-	(60,975)	(60,975)
Total Fund Balances	43,090	257,136	33,010	(60,975)	272,261
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 44,013	\$ 266,802	\$ 33,764	\$ 7,529	\$ 352,108

LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Street Lighting Fund	Fire Protection Fund	Fire Hydrant Fund	Recreation Fund	Total
<u>Revenues</u>					
Taxes	\$ 9,071	\$ 201,635	\$ 41,432	\$ 234,876	\$ 487,014
Interest, Rents, and Royalties	1,790	14,245	1,871	2,047	19,953
Intergovernmental Revenues	-	-	-	97	97
Charges for Services	-	-	-	23,632	23,632
Total Revenues	10,861	215,880	43,303	260,652	530,696
<u>Expenditures</u>					
Public Safety	-	297,872	55,459	-	353,331
Public Works - Highway and Streets	6,158	-	-	-	6,158
Culture and Recreation	-	-	-	248,170	248,170
Total Expenditures	6,158	297,872	55,459	248,170	607,659
Excess (Deficit) of Revenues Over Expenditures	4,703	(81,992)	(12,156)	12,482	(76,963)
<u>Other Financing Sources (Uses)</u>					
Transfers In	-	165,000	-	-	165,000
Total Other Financing Sources and Uses	-	165,000	-	-	165,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,703	83,008	(12,156)	12,482	88,037
Fund Balances - Beginning of Year	38,387	174,128	45,166	(73,457)	184,224
Fund Balances - End of Year	\$ 43,090	\$ 257,136	\$ 33,010	\$ (60,975)	\$ 272,261

**LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT NET POSITION - FIDUCIARY TRUST FUND
DECEMBER 31, 2025**

	Nonuniformed Fund	Police Pension Fund	Other Postemployment Fund	Defined Contribution Fund	Total
<u>Assets</u>					
Cash and Cash Equivalents	\$ 141,372	\$ 495,286	\$ 9,258	\$ -	\$ 645,916
Investments	7,594,277	23,603,185	1,469,684	396,040	33,063,186
Accrued Income	25,548	29,565	29	-	55,142
Total Assets	\$ 7,761,197	\$ 24,128,036	\$ 1,478,971	\$ 396,040	\$ 33,764,244
<u>Liabilities</u>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>					
Restricted for Pension Benefits	7,761,197	24,128,036	-	396,040	32,285,273
Restricted for OPEB	-	-	1,478,971	-	1,478,971
Total Net Position	\$ 7,761,197	\$ 24,128,036	\$ 1,478,971	\$ 396,040	\$ 33,764,244

**LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Nonuniformed Fund	Police Pension Fund	Other Postemployment Fund	Defined Contribution Fund	Total
<u>Additions</u>					
Contributions					
Employor Contributions	\$ -	\$ 448,011	\$ 36,913	\$ 92,105	\$ 577,029
Employee Contributions	-	140,367	-	-	140,367
Miscellaneous	138,326	58	-	-	138,384
Total Contributions	<u>138,326</u>	<u>588,436</u>	<u>36,913</u>	<u>92,105</u>	<u>855,780</u>
<u>Investment Income</u>					
Net Realized and Unrealized Gain on Investments	885,326	2,726,458	166,733	70,597	3,849,114
Interest and Dividends, Net of Expenses	<u>177,253</u>	<u>547,202</u>	<u>33,340</u>	<u>-</u>	<u>757,795</u>
Total Investment Income	<u>1,062,579</u>	<u>3,273,660</u>	<u>200,073</u>	<u>70,597</u>	<u>4,606,909</u>
Total Additions	1,200,905	3,862,096	236,986	162,702	5,462,689
<u>Deductions</u>					
Benefits Paid	<u>346,677</u>	<u>841,768</u>	<u>11,913</u>	<u>194,247</u>	<u>1,394,605</u>
Total Deductions	<u>346,677</u>	<u>841,768</u>	<u>11,913</u>	<u>194,247</u>	<u>1,394,605</u>
<u>Change in Net Postion</u>	854,228	3,020,328	225,073	(31,545)	4,068,084
<u>Net Position</u>					
Beginning of Year	<u>6,906,969</u>	<u>21,107,708</u>	<u>1,253,898</u>	<u>427,585</u>	<u>29,696,160</u>
End of Year	<u>\$ 7,761,197</u>	<u>\$ 24,128,036</u>	<u>\$ 1,478,971</u>	<u>\$ 396,040</u>	<u>\$ 33,764,244</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Gwynedd Township (the "Township") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our



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tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
May 28, 2026