

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2026

**NEW ISSUE
BOOK ENTRY**

**S&P Underlying: AA (Stable Outlook)
See "RATINGS" herein**

In the opinion of Stevens & Lee, P.C., Reading, Pennsylvania, Bond Counsel, assuming continuing compliance by the Township with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations thereunder, interest on the Bonds is not includable in gross income under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes on individuals and corporations; however interest on the Bonds may be subject to the Federal alternative minimum tax on "applicable corporations" as defined in Section 59(k) of the Code. See "TAX MATTERS" herein for a brief description of these provisions. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania.

The Township has designated and determined under and for purposes of Section 265(b)(3) of the Code to qualify each of the Bonds as a "qualified tax-exempt obligation" as such phrase is defined in the Code.

\$5,500,000*
MUHLENBERG TOWNSHIP
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

Dated: Date of Delivery
Principal Due: November 1, as shown on inside cover

Interest Payable: May 1 and November 1
First interest Payment: May 1, 2027

Muhlenberg Township, Berks County, Pennsylvania (the "Township") will issue its General Obligation Bonds, Series of 2026 (the "Bonds"), in fully registered form, without coupons in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds is payable each May 1 and November 1 thereafter, commencing May 1, 2027. The Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, an automated depository for securities and clearing house for securities transactions. Individual purchases of the Bonds will initially be made in book-entry form only in denominations of \$5,000 or any integral multiples thereof under the book-entry only system maintained by DTC. Purchasers of the Bonds will not receive physical delivery of the Bonds. Transfer of the Bonds will be affected through a book-entry system as described herein. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant (defined herein) to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds when due for payment, will be paid directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds. If the use of a book-entry system for the Bonds is ever discontinued, Bonds will be issued in certificated form and the principal of the Bonds will be payable when due, upon surrender of such Bonds at the designated corporate trust office of Manufacturers and Traders Trust Company, Buffalo, New York, as paying agent (the "Paying Agent") (or any successor paying agent at its designated offices), interest on such Bonds will be payable by check and mailed to the persons in whose name such Bonds are registered as of the Record Date with respect to the particular interest payment date, and the Bonds will be subject to registration of transfer, exchange and payment as described herein (see "THE BONDS" herein).

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

The Bonds are general obligations of the Township, payable from its tax and other general revenues. The Township has covenanted that it will include in its budget in each fiscal year and will appropriate from its general revenues in each fiscal year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid, the principal of every Bond and the interest thereon at the dates and places and in the manner stated in the Bonds. For such budgeting, appropriation and payment the Township irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable property within the Township, presently unlimited as to rate or amount for such purpose.

The proceeds of the Bonds will be used to: (1) fund various capital projects of the Township; and (2) pay the costs and expenses related to the issuance of the Bonds. See "PLAN OF FINANCE" herein.

The Bonds are offered for delivery when, as and if issued by the Township and received by the Underwriter, subject to the approving legal opinion of Stevens & Lee, P.C., Bond Counsel, Reading, Pennsylvania. Certain legal matters will be passed upon for the Township by Plank Frankowski, Wyomissing, Pennsylvania, Township Solicitor. FSL Public Finance, LLC, Reading, Pennsylvania, has acted as financial advisor to the Township in connection with the issuance of the Bonds. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about _____, 2026, against payment therefor.

RAYMOND JAMES®

_____, 2026

*Preliminary, subject to change

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

\$5,500,000*
MUHLENBERG TOWNSHIP
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

<u>Due</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				

\$ _____ Term Bonds due November 1, ____ @ ____% Priced to Yield ____%

* Preliminary, subject to change

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. Neither the Township, the Financial Advisor nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers. The CUSIP numbers for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity.

MUHLENBERG TOWNSHIP
Berks County, Pennsylvania

BOARD OF COMMISSIONERS

Michael S. Malinowski	President
Kevin S. Lerch	Vice President
Dillon Cirulli	Member
Walt Lasota	Member
Michael Merkel	Member

TOWNSHIP OFFICIALS

Jim Bobeck	Township Manager
Dawn Cieniewicz	Director of Finance

TOWNSHIP SOLICITOR

Plank Frankowski
Wyomissing, Pennsylvania

BOND COUNSEL

Stevens & Lee, P.C.
Reading, Pennsylvania

FINANCIAL ADVISOR

FSL Public Finance, LLC
Reading, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

Eckert Seamans Cherin & Mellott, LLC
Harrisburg, Pennsylvania

PAYING AGENT/BOND REGISTRAR/SINKING FUND DEPOSITARY

Manufacturers and Traders Trust Company
Buffalo, New York

TOWNSHIP ADDRESS

210 George Street
Reading, Pennsylvania 19605

No dealer, broker, salesperson or other person has been authorized by Muhlenberg Township, Berks County, Pennsylvania (the "Township") or by Raymond James & Associates, Inc. (the "Underwriter"), to give any information or to make any representations with respect to the Bonds, other than the information contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Township, The Depository Trust Company and other sources that are believed to be reliable, and is in form deemed final by the Township for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, but the Underwriter does not guarantee the accuracy or completeness of such information, such information is not to be construed as a representation by the Underwriter, and except for the information concerning the Township, such information is not to be construed as a representation by the Township. The information contained in this Official Statement speaks as of its date, except where otherwise noted, and is subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date of this Official Statement. In making an investment decision, investors must rely on their own examination of the Township and the terms of the offering, including the merits and risks involved.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Ordinance of the Township originally enacted on September 21, 2026, been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies nor the Securities and Exchange Commission has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions that may stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of any of such information.

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Appendix A – Demographic, Financial and Economic Information Relating to Muhlenberg Township

Appendix B – Township’s Audited Financial Statements (Fiscal Year ended December 31, 2025)

Appendix C - Proposed Form of Opinion of Bond Counsel

Appendix D - Proposed Form of Continuing Disclosure Agreement

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

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\$5,500,000*
MUHLENBERG TOWNSHIP
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is furnished by Muhlenberg Township, Berks County, Pennsylvania (the “Township”), in connection with the offering of \$5,500,000* aggregate principal amount of its General Obligation Bonds, Series of 2026 (the “Bonds”). The Bonds will be dated as of the date of delivery, when interest on the Bonds will begin to accrue.

The Bonds are being issued pursuant to an Ordinance of the Township (the “Ordinance”) originally enacted on September 21, 2026, and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. Chaps. 80 through 82 (the “Debt Act”). The indebtedness represented by the Bonds constitutes non-electoral debt of the Township under the Debt Act. Prior to delivery of the Bonds, the Department of Community and Economic Development of the Commonwealth (the “Department” or “DCED”) will issue its certificate of approval with respect to the increase of nonelectoral debt of the Township evidenced by the Bonds. Copies of the Ordinance may be inspected at the Office of the Township Manager, 210 George Street, Reading, Pennsylvania 19605. Pursuant to the Ordinance, Manufacturers and Traders Trust Company having a corporate trust office in Buffalo, New York has been appointed to act as the paying agent, Bond register and sinking fund depository (in each such capacity, the “Paying Agent”) for the Bonds.

The Bonds will be general obligations of the Township and will be payable from its tax and other general revenues, including ad valorem taxes levied without limit, for debt service purposes, as to rate or amount on all taxable real property presently located in the Township. The Township has covenanted in the Ordinance that it will include the amount of debt service for the Bonds in its budget for each fiscal year, that it will appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and that it will duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds. For such budgeting, appropriation and payment, the Township has irrevocably pledged its full faith, credit and taxing power, which taxing power is presently without limitation as to rate or amount for the payment of debt approved under the Debt Act. See “SECURITY FOR THE BONDS” herein.

The Township has no power to pledge the credit or taxing power of the Commonwealth of Pennsylvania (the “Commonwealth”) or any other political subdivision thereof, nor shall the Bonds of the Township be deemed to be obligations of the Commonwealth or any other political subdivision thereof except the Township, nor shall the Commonwealth or any other political subdivision thereof except the Township be liable for the payment of the principal of, premium, if any, or interest on the Bonds, nor are the members of the Board of Commissioners of the Township personally liable for the Township’s obligations. See “SECURITY FOR THE BONDS” herein.

Certain portions of the following information are summaries of the Ordinance, the Bonds and other documents relating to the issuance of the Bonds. Such summaries do not purport to be complete and reference is made to the individual documents so summarized, copies of which are on file and available for examination at the office of the Township Manager. Neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there have not been any changes in the affairs of the Township since the date of this Official Statement or the earliest date as of which certain information contained herein is given.

*Preliminary, subject to change

PLAN OF FINANCE

Proceeds of the Bonds will be applied to: (1) fund various capital projects of the Township; and (2) pay the costs and expenses related to the issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources of Funds

Par Amount of Bonds	\$
Plus/Less Original Issue Premium/Discount	

<u>TOTAL SOURCES</u>	<u>\$</u>
-----------------------------	------------------

Uses of Funds

Capital Projects	\$
Costs of Issuance ⁽¹⁾	

<u>TOTAL USES</u>	<u>\$</u>
--------------------------	------------------

(1) Consisting of legal, financial advisor, paying agent, printing, rating fee, CUSIP, bond discount and miscellaneous expenses.

AUTHORITY TO ISSUE

The Township is authorized to issue the Bonds pursuant to the Debt Act. Under the Debt Act, the General Assembly of the Commonwealth has granted full power and authority to issue Bonds to every local government unit in the Commonwealth, including the Township, subject to certain limitations, restrictions and conditions set forth in the Debt Act. The Township has authorized the issuance of the Bonds by enacting the Ordinance in accordance with the provisions of the Debt Act. The Bonds will be issued as nonelectoral debt of the Township without the approval of the electorate.

As required by the Debt Act, prior to the delivery of the Bonds, the Township will have received approval of the Department to incur the debt evidenced by the Bonds.

THE BONDS

General Description

The Bonds will be dated of the date of delivery and will bear interest from such date at the rates set forth on the inside cover page hereof, payable semi-annually on May 1 and November 1 (each an "Interest Payment Date") of each year, commencing May 1, 2027 (until maturity or prior redemption), and will mature on the dates and in the amounts forth on the inside cover page of this Official Statement. The Bonds when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. While the Bonds are in the Book-Entry-Only System, references to the "owner" or the "registered owner" as described herein are to Cede & Co., as registered owner for DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. While all of the Bonds are held in book-entry only form, payments thereon shall be made to Cede & Co., as holder thereof. See "BOOK-ENTRY ONLY SYSTEM" herein. At all other times, the principal of the Bonds, and the premium, if any, payable upon redemption, are payable at the designated corporate trust office of the Paying Agent, and the interest thereon is payable by check mailed by the Paying Agent on each Interest Payment Date to the persons who were the registered owners of the Bonds on the registration books maintained by the Paying Agent, at the close of the fifteenth (15th) day (whether or not a business day) immediately preceding such Interest Payment

Date (a "Record Date"), irrespective of any transfer or exchange of any Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the Township defaults in the payment of interest due on such interest payment date. In the event of any such default, any defaulted interest will be payable to the persons in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not fewer than ten (10) business days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5) day preceding the date of mailing.

Transfer, Exchange and Registration

Subject to the provisions described below under "BOOK-ENTRY ONLY SYSTEM," the Bonds may be transferred and exchanged as set forth below. No transfer of any Bond will be effective until entered on the registration books.

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

Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of or exchange of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount that the registered owner is entitled to receive. The Township and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal, premium, if any, and interest due and for all purposes, and the Paying Agent shall not be affected by any notice to the contrary.

Optional Redemption

The Bonds which are stated to mature on or after November 1, 20__, are subject to redemption prior to maturity at the option of the Township, in whole or in part (and if in part, in such order of maturity as the Township shall elect), on _____, 20__, or any date thereafter, at 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption. In the event that less than all of the Bonds of any particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

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Mandatory Redemption

The Bonds stated to mature on November 1, 20__ are subject to mandatory redemption prior to maturity, in the amounts and on November 1 of the years shown below, from money deposited by the Township in the Sinking Fund (as hereafter defined) created pursuant to the Ordinance, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Term Bonds due November 1, 20__

Date	Amount
	\$

*Maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the Township, may purchase, from money in the appropriate sinking fund, or the Township may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If any maturity of the Bonds that is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the Township shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption or in such order of maturity as shall be directed in writing by the Township, in each case in multiples of \$5,000 principal amount.

Notice of Redemption: Notice of any redemption of the Bonds under the above provisions is required to be sent by first-class mail to the registered owners of the Bonds to be redeemed, at the addresses of such owners appearing in the Bond register maintained by the Paying Agent. Such notice shall be mailed not more than 60 days nor less than 30 days prior to any such redemption and shall be made in the manner and under the terms and conditions stated in the Bonds. No defect, whether in the notice of redemption or in the mailing thereof including failure to mail the notice, with respect to the redemption of any Bonds shall affect the validity of the redemption of other Bonds for which proper notice of redemption has been given.

SECURITY FOR THE BONDS

General Obligations

The Bonds will be general obligations of the Township, payable from its tax and other general revenues, including ad valorem taxes, which may be levied on all taxable real property within the Township presently without limitation as to rate or amount for the payment of debt service on the Bonds. The Township has covenanted in the Ordinance that it will provide in its budget for each fiscal year and will appropriate from its general revenues in each such fiscal year, the amount required to pay the debt service on the Bonds for such year and to make any other required sinking fund payments for such year. The Township further covenants in the Ordinance that it will duly and punctually pay or cause to be paid from the Sinking Fund, or any other of its revenues or funds, the principal of every maturity of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds. For such budgeting, appropriation and payment, the Township has irrevocably pledged its full faith, credit and taxing power, which taxing power is presently without limitation as to rate or amount for the payment of debt approved under the Debt Act.

Sinking Fund

The Township will create, pursuant to Section 8221 of the Debt Act, a sinking fund for the Bonds to be designated as the “Sinking Fund—General Obligation Bonds, Series of 2026”, under the Ordinance, to be established and administered by the Paying Agent, in its capacity as sinking fund depository, segregated from all other funds of the Township. The Township shall deposit in the Sinking Fund not later than each date when interest or principal is to become due on the Bonds, as applicable, an amount which, together with any other available funds then on deposit therein, will be sufficient to permit the Paying Agent to pay, in full, interest and principal then due and payable on the Bonds.

The Sinking Fund shall be held by the Paying Agent, in its capacity as sinking fund depository, and any money in the Sinking Fund not required for prompt expenditure may, at the written direction of the Township, be invested in securities or deposited in deposit accounts in accordance with the Debt Act. Such deposits and securities shall be in the name of the Township but subject to withdrawal or collection only by the Paying Agent, in its capacity as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

After such deposits by the Township to the applicable Sinking Fund, the Paying Agent, in its capacity as sinking fund depository, is authorized, without further authorization or direction from the Township or any of its officials, to pay from the Sinking Fund the principal of and interest on the Bonds, as applicable, when due and payable in accordance with the terms of the Bonds, the Ordinance and the provisions of the Debt Act.

Actions in the Event of Default

The remedies available to registered owners of the Bonds upon any failure to pay principal or interest when due include those prescribed by the Act. If such failure should continue for 30 days, any registered owner will (subject to certain priorities) have the right to bring suit for the amount due such registered owner in the Court of Common Pleas of Berks County, Pennsylvania (the “Court”). If the Township defaults in the payment of principal or interest, or if the Township fails to comply with any provision of the Bonds or of the Ordinance, the registered owners of 25% in aggregate principal amount of the Bonds may appoint a trustee to represent the registered owners. Such trustee may, and upon written request of the registered owners of 25% in aggregate principal amount of the Bonds and being furnished with satisfactory indemnity, must take one or more of the following actions, which will preclude similar action by the individual registered owners: (i) bring suit to enforce all rights of the registered owners; (ii) bring suit on the Bonds; (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all real estate and other property subject to ad valorem taxation in the Township (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes); (iv) by suit in equity, enjoin any acts and things which may be unlawful or in violation of the rights of the registered owners all as set forth more fully in the Debt Act; and (v) upon 30 days prior written notice to the Township, and subject to any limitations in the Ordinance, declare the unpaid principal of all the Bonds immediately due and payable with interest at the rates stated in the Bonds until final payment.

Enforcement of a claim for payment of principal of or interest on the Bonds may be subject to the provisions of the federal bankruptcy laws, to the Distressed Municipalities Act, and to the provisions of other statutory laws enacted by Congress or the General Assembly of the Commonwealth of Pennsylvania and case law developed by courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

BOOK-ENTRY ONLY SYSTEM

The information under this heading has been obtained from materials provided by DTC for such purpose. The Township (herein referred to as the “Issuer”) and the Underwriter do not guaranty the accuracy or completeness of such information and such information is not to be construed as a representation of the Township or the Underwriter.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as

may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds of each separate maturity and interest rate, in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

Disclaimer of Liability for Failures of DTC

The Township and the Underwriter cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Township and the Underwriter are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

FINANCIAL STATEMENTS

The Township's Financial Statements for its Fiscal Year ended December 31, 2025, included in APPENDIX B to this Official Statement have been audited by Cherry Bekaert, Wyomissing, Pennsylvania, independent certified public accountants, to the extent and for the periods indicated in their report thereon. The Township has not asked Cherry Bekaert to perform any additional review or procedures in connection with this Official Statement.

LITIGATION

There is no litigation of any nature pending or, to the knowledge of the Township, threatened against the Township as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds, or any proceedings of the Township taken with respect to the issuance or sale thereof. At the time of delivery of the Bonds, the Township will furnish a certificate and its Solicitor will deliver an opinion to the effect that no such litigation is then pending or, if such litigation is pending, an opinion of legal counsel satisfactory to the Underwriter will be delivered to the effect that such litigation is without legal merit.

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TAX MATTERS

Federal Tax Laws

Numerous provisions of the Internal Revenue Code of 1986, as amended (the “Code”), affect the issuers of state and local government bonds, such as the Township, and impair or restrict the ability of the Township to finance projects on a tax-exempt basis. Failure on the part of the Township to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render interest on the Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the prohibition on advance refunding of tax-exempt bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the Township is required to file an information return with respect to the Bonds and, if applicable, to “rebate” to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds, such as the Bonds, or, (b) in the case of a financial institution, that portion of a financial institution’s interest expense allocated to interest on certain state or local government bonds, such as the Bonds, unless the issuer of the state or local government bonds designates the bonds as “qualified tax-exempt obligations” for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the Township in the Ordinance has designated the Bonds as “qualified tax exempt obligations” under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the Bonds; (iii) interest on certain state or local government bonds, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds such as the Bonds) exceeding 25% of such Subchapter S corporation’s gross receipts and if such Subchapter S corporation has Subchapter “C” earnings and profits, then interest income derived from state and local government bonds, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state and local government bonds such as the Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Various legislative proposals have been submitted to Congress during the last several years, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds.

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The Township does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service or the courts.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the Township with certain certifications and agreements relating to the use of Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in the gross income of the holders of the Bonds under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "Federal Tax Laws" above.

In the Ordinance, the Township has designated and determined under and for purposes of Section 265(b)(3)(B) of the Code to qualify each of the Bonds as a "qualified tax-exempt obligation" for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

In the opinion of Bond Counsel under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for state and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania.

The Township will issue its certificate regarding the facts, estimates and circumstances in existence on the date of delivery of the Bonds and regarding the anticipated use of the proceeds of the Bonds. The Township will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, the Township does not reasonably expect to use the proceeds of the Bonds in a manner that would cause the Bonds to be or become "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

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CONTINUING DISCLOSURE

In accordance with the requirements of 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), and the Ordinance authorizing the issuance of the Bonds, the Township will execute and deliver a written continuing disclosure certificate with respect to the Bonds. See the form of the Continuing Disclosure Certificate (the “Certificate”) in Appendix D to this Official Statement.

Under the terms of the Certificate, the Township will undertake to file with the MSRB financial and other information concerning the Township (annual audited financial statements, a budget summary, updates of certain operating and financial information and notice of certain events affecting the Township). The Township’s obligations with respect to continuing disclosure as it relates to the Bonds shall terminate upon the prior redemption or payment in full of the Bonds.

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

The Township reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the Township no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule. The Township acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders or beneficial owners of the Bonds and shall be enforceable by the holders or beneficial owners of such Bonds; provided that the Bondholders’ right to enforce the provisions of the undertaking shall be limited to a right to obtain specific performance of the Township’s obligations thereunder and any failure by the Township to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other “obligated persons” with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The Township provides continuing disclosure in connection with previously issued and outstanding bonds and notes pursuant to Rule 15c2-12 by providing required information electronically to the Electronic Municipal Market Access website, as required by the MSRB. In the past five years, the Township has previously failed to timely file its annual audited financial statements, its budgets, and certain other financial operating data for the fiscal years ending December 31, 2021 through and including 2025. The Township filed separate notices with EMMA setting forth the Township’s failure to timely file such audited financial statements, budgets, and certain other financial and operating data. These notices were not timely filed. The Township’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

<u>Year Ending</u>	<u>Filing Due Date</u>	<u>Audit</u>	<u>Operating Data</u>	<u>Budget</u>
12/31/2025	9/27/2026	8/3/2026	8/11/2026	9/15/2026
12/31/2024	9/27/2025	7/23/2026 ⁽¹⁾	8/11/2026 ⁽²⁾	7/23/2026 ⁽³⁾
12/31/2023	9/26/2024	7/23/2026 ⁽¹⁾	8/13/2026 ⁽²⁾	7/23/2026 ⁽³⁾
12/31/2022	9/27/2023	9/11/2024 ⁽¹⁾	8/13/2026 ⁽²⁾	3/27/2023
12/31/2021	9/27/2022	3/28/2023 ⁽¹⁾	8/13/2026 ⁽²⁾	3/27/2023 ⁽³⁾

⁽¹⁾ The Township filed its Audits on these dates, and subsequently filed a "Failure to Timely File Notice" on 8/13/2026.

⁽²⁾ The Township filed its Operating Data on these dates, and subsequently filed a "Failure to Timely File Notice" on 8/13/2026.

⁽³⁾ The Township filed its Budgets on these dates, and subsequently filed a "Failure to Timely File Notice" on 8/13/2026.

The Township has adopted procedures to ensure ongoing timely filings of its continuing disclosure requirements.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. from the Township, in accordance with the terms of the Purchase Contract (the "Purchase Contract") between Raymond James & Associates, Inc. and the Township. The purchase price for the Bonds, exclusive of accrued interest, is equal to (i) the par amount of the Bonds of \$_____, (ii) less the underwriter's discount of \$_____, and (iii) plus/less net original issue premium/discount of \$_____. The obligation of Raymond James & Associates, Inc. to purchase the Bonds is subject to the terms and conditions set forth in the Purchase Contract. The Purchase Contract provides that Raymond James & Associates, Inc. will purchase all of the Bonds, if any of the Bonds are purchased, and requires the Township to indemnify RBC Capital Markets LLC against losses, claims, damages and liabilities arising out of any materially incorrect or incomplete statements or information contained in this Official Statement pertaining to the Township and the descriptions of all agreements to which the Township is a party.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and their respective affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Township. The Underwriter and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Township. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

RATINGS

At the Township's request, S&P Global Ratings has assigned an underlying rating to the Bonds of **AA (Stable Outlook)**.

Such ratings reflect only the view of the particular rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from the particular rating agency furnishing the same. Further explanation of the significance of such ratings may be obtained from S&P. The rating is not a recommendation to buy, sell or hold any of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The Township and the Underwriter has not undertaken any responsibility to maintain any particular rating on the Bonds or to advise owners of the Bonds of any change in the ratings assigned to the Bonds, except that the Township has agreed to provide notice of rating changes as described herein under the caption "Continuing Disclosure".

CERTAIN RELATIONSHIPS AMONG THE PARTIES

In this transaction, Stevens & Lee, P.C., is serving as Bond Counsel to the Township. Stevens & Lee, P.C., from time to time, has been engaged by Raymond James & Associates, Inc. to act as counsel in transactions that are unrelated to the Bonds (and may be so engaged currently or in the future).

FSL Public Finance, LLC, an affiliated business of Stevens & Lee, P.C., Bond Counsel, is serving as financial advisor to the Township in connection with the authorization and issuance of the Bonds.

LEGAL OPINION

The issuance and delivery of the Bonds is subject to the receipt of the unqualified approving legal opinion of Stevens & Lee, P.C., of Reading, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Township by its Solicitor Plank Frankowski, Wyomissing, Pennsylvania.

FINANCIAL ADVISOR

FSL Public Finance, LLC, Reading, Pennsylvania, has served as financial advisor (the “Financial Advisor”) to the Township in connection with the issuance and sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. FSL Public Finance, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

The information set forth in this Official Statement has been obtained from the Township and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as a representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Ordinance, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the Township upon request. The information assembled in this Official Statement is not to be construed as a contract with owners of the Bonds.

The Township has authorized the distribution of this Official Statement.

**MUHLENBERG TOWNSHIP,
BERKS COUNTY, PENNSYLVANIA**

By: _____
Michael S. Malinowski, President

APPENDIX A

Demographic, Financial and Economic Information Relating to Muhlenberg Township

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THE TOWNSHIP

Location and Character

Muhlenberg Township is a township of the first class governed by a five-member Board of Commissioners elected for four-year staggered terms. The Township Manager, appointed by the Board of Commissioners, serves as chief administrative officer of the Township.

The Township provides a wide range of public services to its residents, including police and fire protection, health, recreation, maintenance of streets and highways, parks and other public areas.

The Township's business address is 210 George Street, Reading, Pennsylvania 19605.

Labor Relations

As of August 7, 2026, the total number of employees of the Township was 87, including part-time and seasonal employees. Township employees have never had a work stoppage. The Township characterizes its labor relations as "friendly". Employees of the Township are represented by two (2) unions as shown below

	<u>Represents</u>	<u>Current Contract Expires</u>
Muhlenberg Township Police Labor Organization	32 Police Employees	12/31/2026
Teamsters Local #429	16 Employees	12/31/2029
Non-Union	21 Non-uniform Employees	N/A
Non-Union	7 Fire Employees	N/A

Source: Township Officials

Employment

The following table shows Township employment for the 2026 fiscal year:

<u>Type of Personnel</u>	<u>Number of Employees (1)</u>
Administrative.....	15
Police.....	36
Public Works.....	29
Fire.....	7
Total.....	87

Source: Township Officials

(1) Includes part and full time employees

Labor Relations

Approximately 85% of the employees of the Township participate in two (2) pension plans sponsored by the Township. One plan covers members of the police department and the remaining plan covers all other employees. The most recent actuarial valuation of each plan, as of January 1, 2025, shows the Police Pension fund had a Net Pension Liability of \$1,088,163, with plan assets of \$29,916,629 and a funded ratio of 96.5%. The Nonuniformed Employees' Pension Plan had a Net Pension Liability of \$509,311, with plan assets of \$8,856,123 and a funded ratio of 94.6%. Further, pension assistance from the Commonwealth of Pennsylvania under Act 205 is currently not sufficient to relieve the Township of any contribution requirement for the annual Minimum Municipal Obligations (MMO) for these plans. The 2026 adopted budget includes a projected \$645,000 in pension assistance from the Commonwealth and a total MMO payment of \$1,153,000 for the two pension plans.

Source: Township Officials

PENSION PLANS

The Township administers and contributes to two defined-benefit pension plans: the Muhlenberg Township Police Pension Plan (PPP) and the Muhlenberg Township Non-Uniformed Employees' Pension Plan (NUEPP). Both plans are single employer public employee retirement plans. The assets of the Plans are invested separately, and each Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan.

Police Pension Plan

PPP is a single-employer defined benefit plan administered by the Township, with a consulting firm being the actuary and a financial institution being the trustee for the PPP assets. PPP provides for retirement, disability and death benefits to plan members and their beneficiaries. The Township is required to contribute amounts necessary to fund the PPP using the actuarial basis specified by statute.

Actuarial valuation as of January 1, 2025 -- Summary of Plan Membership:

Plan Fiduciary Net Position	\$29,916,629
Total Pension Liability	\$31,004,792
Net Pension Liability	\$1,088,163
Funded Ratio	96.5%

Nonuniformed Employees Pension Plan

NUEPP is a single-employer defined benefit pension plan administered by the Township, with a consulting firm being the actuary and a financial institution being the trustee for the plan assets. The NUEPP provides retirement, disability and death benefits to plan members and beneficiaries. The Township is required to contribute amounts necessary to fund the NUEPP using the actuarial basis specified by statute.

Actuarial valuation as of January 1, 2025 -- Summary of Plan Membership:

Plan Fiduciary Net Position	\$8,856,123
Total Pension Liability	\$9,365,434
Net Pension Liability	\$509,311
Funded Ratio	94.6%

MUHLENBERG TOWNSHIP
SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

	<u>2021</u> <u>Audited</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited*</u>	<u>2025</u> <u>Audited</u>
REVENUES					
Taxes	\$9,909,078	\$11,817,997	\$11,309,109	\$11,562,688	\$12,349,931
Licenses, Permits and Fines	193,304	196,878	191,087	716,579	707,464
Fines & Forfeits	126,361	123,168	155,441	-	-
Charges for Services	4,404,184	4,896,882	4,641,371	4,009,433	6,369,054
Interest & Rent	201,288	(59,688)	446,123	394,421	439,888
Federal & State Grants	1,690,522	1,754,972	760,501	-	-
Intergovernmental	-	-	-	1,446,873	1,384,843
Miscellaneous	<u>522,020</u>	<u>392,322</u>	<u>259,846</u>	<u>474,477</u>	<u>655,059</u>
TOTAL REVENUE	<u>\$17,047,387</u>	<u>\$19,122,531</u>	<u>\$17,763,478</u>	<u>\$18,604,471</u>	<u>\$21,906,239</u>
EXPENDITURES					
General Government	\$1,927,168	\$2,180,718	\$2,340,130	\$2,059,545	\$2,036,739
Public Safety	7,299,319	7,285,978	7,434,549	7,495,213	8,021,125
Public Works	4,049,686	3,943,223	4,105,361	4,130,671	4,450,283
Culture & Recreation	1,358,050	1,346,769	1,413,722	1,376,482	1,505,668
Community Development	-	-	-	9,044	-
Health and Human Services	-	-	-	50,397	87,066
Employer Paid Benefits	-	-	-	1,568,658	1,454,822
Debt Service – principal	745,000	770,000	790,000	800,000	815,000
Debt Service – interest	468,504	444,952	425,067	412,984	397,659
Bond Issuance Costs	<u>2,340</u>	<u>2,340</u>	<u>2,340</u>	-	-
TOTAL EXPENDITURES	<u>\$15,850,067</u>	<u>\$15,973,980</u>	<u>\$16,511,169</u>	<u>\$17,902,994</u>	<u>\$18,768,362</u>
OTHER FINANCING SOURCES (USES):					
Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Premium / (Discount)	-	-	-	-	-
Payments on Note Refinancing	-	-	-	-	-
Settlement Charges	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	<u>(769,298)</u>	<u>(3,398,041)</u>	<u>(1,665,000)</u>	<u>(910,000)</u>	<u>(1,275,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(\$769,298)</u>	<u>(\$3,398,041)</u>	<u>(\$1,665,000)</u>	<u>(\$910,000)</u>	<u>(\$1,275,000)</u>
FUND BALANCES					
Excess (Deficiency) of Revenues and Other Financing Sources					
Over Expenditures and Other Uses	\$428,022	(\$249,490)	(\$412,691)	(\$208,523)	\$1,862,877
Beginning Fund Balance	\$7,475,682	\$8,972,269	\$8,722,779	\$8,310,088	\$8,101,565
Restatement	1,068,565	-	-	-	-
End of Year Fund Balance	<u>\$8,972,269</u>	<u>\$8,722,779</u>	<u>\$8,310,088</u>	<u>\$8,101,565</u>	<u>\$9,964,442</u>

Source: Audited Annual Financial Statements of the Township 2021-2025.

*The Township changed auditing firms beginning fiscal year 2024. Line items may be reorganized as a result.

MUHLENBERG TOWNSHIP GENERAL FUND
Summary Statement of Revenues and Expenditures

	Budget <u>2026</u>
Revenues:	
Taxes	\$11,935,935
Licenses, permits and fines	546,000
Fines & forfeits	163,000
Charges for services	4,688,000
Interest and rent	276,500
Intergovernmental	1,478,600
Miscellaneous	<u>1,813,939</u>
Total Revenues	<u>\$20,901,974</u>
Expenditures:	
General government	\$2,212,475
Public safety	9,846,983
Public works	4,982,694
Culture, recreation	1,514,616
Economic development	15,000
Debt Service	1,211,285
Miscellaneous – Transfer to Fire Fund	118,921
Miscellaneous – Transfer to Capital Equip Fund	1,000,000
Capital Outlay	0
Total Expenditures	<u>\$20,901,974</u>
Beginning Fund balance	\$9,964,442
Ending Fund balance	<u>\$9,964,442</u>

Source: Township Officials and Township Budget

Population. Shown below are statistics from the Bureau of Census illustrating population trends for the Township and comparable statistics for the Township, the County and the Commonwealth of Pennsylvania.

The Township's population increased by 12.7% from 2010 to 2024.

	<u>2010</u>	<u>2020</u>	<u>2024*</u>	<u>% Change 2010-2024</u>
Muhlenberg Township	19,628	21,195	22,127	12.7%
Berks County	411,442	428,849	433,015	5.2
Pennsylvania	12,702,379	13,002,700	13,018,639	2.5

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

Income (2024)

The following table shows the Household and Family income levels of Muhlenberg Township, Berks County and Pennsylvania.

	<u>Household Median</u>	<u>Family Median</u>	<u>Percentage of Families in Poverty</u>
Muhlenberg Township	88,069	97,603	5.8
Berks County	78,074	96,851	9.1
Pennsylvania	77,545	100,557	7.8

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

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Taxing Powers of the Township

The Township may levy a tax for general purposes on the assessed value of real estate up to 30 mills (35 mills with permission of the Court of Common Pleas for the County) and an unlimited amount for debt service on obligations issued under the Act. Other specific millages are permitted under the First Class Township code and under other laws for certain specific purposes.

The Township, as a first class Township, may levy taxes within the following limitations:

General Purposes.....	30 mills (1)
Fire apparatus and housing.....	3 mills (2)
Shade trees.....	1/10 Mill
Municipal Building.....	No Limit
Interest and principal on indebtedness incurred pursuant to the Act or any prior or subsequent act governing the incurrence of indebtedness of the Township.....	No Limit
Employee Pension and Retirement Funds.....	½ Mill
Ambulance and Rescue Squads.....	½ Mill
For Fire and Water Districts.....	No Limit (3)
Revolving fund for permanent streets, sidewalks, waterlines or sewer improvements.....	5 Mills
Maintaining and operating parks, recreational areas and facilities.....	No Limit
Establishing or maintain a local library.....	No Limit
Financially distressed municipal pension systems.....	No Limit (4)

(1) An additional five mills may be levied with court approval.

(2) A higher tax may be levied if approved by voters.

(3) A special tax may be levied to redeem bonds issued for a fire or water district; provided, however, that such tax shall be restricted to the district for which the bonds were issued. An unlimited water or fire tax may also be levied to pay the cost of water supply or water lines, except that in the case of fire districts such tax shall not exceed two mills per annum.

(4) If tax rates set by a municipality on earned income or real property are at the maximum provided by applicable law, such municipality may increase its tax rate on either earned income or real property above those maximum limits. The proceeds of the special municipal tax increase shall be used for the sole purpose of defraying additional costs required to be paid to the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984 (P.L. 1005), as amended which are directly related to the pension plan of the municipality.

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

Per Capita Tax.....	\$10.00
Gross Receipts of wholesalers.....	1 Mill
Gross Receipts of retailer.....	1 ½ Mill
Wages, salaries, commissions and other earned income.....	1%
Retail Sales involving transfer of title or possession of tangible personal property.....	2%
Transfer of title of real property.....	1%
Flat rate occupation and occupational privilege tax.....	\$10.00
Admissions (except motion picture theaters).....	10%

The aggregate amount of taxes under The Local Tax Enabling Act shall not, in the case of any political subdivision, including school districts of the second, third and fourth classes, exceed an amount equal to the product of 12 mills on the latest total market values of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determines market values of real estate within the political subdivision; or if no such board has determined such values, then the values as certified by the State Tax Equalization Board shall be used.

Act 7 (amending Act of May 25, 1945, P.L. 1050) approved by the General assembly of the Commonwealth of Pennsylvania on February 10, 1970, provides that notices be sent out by the Tax Collector with 30 days following receipt of the tax duplicate by the Tax Collector unless extended by the taxing district but in no case later than the first day of July.

A 2% discount is allowed for payment within 60 days of the date of notice and a penalty of 10% is imposed on payments received more than 120 days after the date of such notice.

Delinquent taxes are lienied by filing in the County Tax Claim Bureau by the first Monday of May in the year following the year of levy. The Township levies its own taxes and is independent of any other taxing authority.

Current Tax Rates

The Township imposes various license fees and taxes, certain of which (and their current rates) are described below:

1. Business Privilege Tax on Wholesalers	1 mill
2. Business Privilege Tax on Retailers	1.5 mills
3. Business Privilege Tax on Services	1.5 mills
4. Earned income tax on residents	1.0%
5. Transfer of Title of Real Property	1.0%
6. Occupational Privilege Tax	\$52.00
7. Admissions to places of amusement, athletic events and the like (except motion picture theaters)	10%
8. Mechanical Devices	\$75.00

MUHLENBERG TOWNSHIP TAX RATES

<u>Year</u>	<u>Real Estate Mills</u>	<u>Local Services Tax</u>	<u>Earned Income</u>	<u>Wholesale Receipts</u>
2017	5.00	47.00	1.00	0.50
2018	5.00	47.00	1.00	0.50
2019	5.00	47.00	1.00	0.50
2020	5.00	47.00	1.00	0.50
2021	5.00	47.00	1.00	0.50
2022	5.30	47.00	1.00	0.50
2023	5.30	47.00	1.00	0.50
2024	5.70	47.00	1.00	0.50
2025	6.00	47.00	1.00	0.50
2026	6.00	47.00	1.00	0.50

Source: Pennsylvania Department of Community and Economic Development.

COMPARATIVE REAL PROPERTY TAX RATES
(mills)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Muhlenberg Township	5.000	5.300	5.300	5.700	6.000	6.000
School District	31.480	32.230	34.099	36.656	38.406	40.156
Berks County	7.657	7.657	7.657	8.345	9.013	9.013

Source: Pennsylvania Department of Community and Economic Development.

REAL PROPERTY ASSESSMENT DATA

	<u>Assessed Valuation</u>	<u>Market Value</u>	<u>Common Level Ratio</u>
2016	\$1,114,044,000	\$1,429,447,352	77.94%
2017	1,115,177,800	1,430,668,143	77.95
2018	1,116,204,100	1,469,947,633	75.93
2019	1,116,002,800	1,469,284,685	75.96
2020	1,115,407,400	1,520,562,160	73.35
2021	1,121,224,600	1,529,005,795	73.33
2022	1,124,956,600	1,709,919,827	65.79
2023	1,155,425,800	1,765,885,962	65.43
2024	1,158,452,300	1,954,308,896	59.28
2025	1,161,528,500	1,963,437,621	59.16

Source: State Tax Equalization Board & Township Officials.

REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	<u>2022</u> <u>Assessed Value</u>	<u>2023</u> <u>Assessed Value</u>	<u>2024</u> <u>Assessed Value</u>	<u>2025</u> <u>Assessed Value</u>
Muhlenberg Township	\$1,124,956,600	\$1,155,425,800	\$1,158,452,300	\$1,161,528,500
County of Berks	19,593,781,300	19,834,133,500	20,053,887,100	20,113,856,000

Source: State Tax Equalization Board.

**MUHLENBERG TOWNSHIP
ASSESSMENT BY LAND USE**

	<u>2024</u>	<u>2025</u>
Residential	\$717,750,000	\$720,648,800
Lots	5,758,200	5,076,200
Industrial	76,325,300	77,873,200
Commercial	343,515,900	342,794,700
Agriculture	9,605,100	9,604,900
Land	1,433,000	1,433,000
Trailers	<u>4,064,800</u>	<u>4,097,700</u>
Total	\$1,158,452,300	\$1,161,528,500

Source: State Tax Equalization Board.

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Realty Tax Collection

Real estate taxes are levied as of January 1 of each year. Taxpayers making payment by April 30 are entitled to a two percent discount. Payments made through June 30 can be made at the flat rate, and remittances made after July 1 are subject to a ten percent penalty. After May 1 of the following year, any uncollected tax bills are turned over to the Tax Claim Bureau of the County for collection.

Muhlenberg Township Tax Collection Record

<u>YEAR</u>	<u>ASSESSED VALUE</u>	<u>MILLAGE</u>	<u>TAX LEVY</u>	<u>TAX COLLECTIONS CURRENT YEAR</u>	<u>TAX COLLECTIONS PRIOR YEARS</u>	<u>CURRENT PERCENT COLLECTED</u>
2016	\$1,114,044,000.00	5.00	\$4,901,793.60	\$4,696,633.80	\$72,695.16	95.81%
2017	\$1,115,078,000.00	5.00	\$4,906,343.20	\$4,715,705.38	\$152,289.08	96.12%
2018	\$1,116,204,100.00	5.00	\$4,911,289.04	\$4,728,866.08	\$200,798.20	96.29%
2019	\$1,116,002,800.00	5.00	\$4,910,412.32	\$4,730,754.75	\$150,232.39	96.34%
2020	\$1,115,407,400.00	5.00	\$4,907,792.56	\$4,721,189.59	\$108,707.01	96.20%
2021	\$1,121,224,600.00	5.00	\$4,933,388.24	\$4,765,092.94	\$94,519.64	96.59%
2022	\$1,124,373,900.00	5.30	\$5,172,119.94	\$4,960,874.67	\$152,827.87	95.92%
2023	\$1,155,290,900.00	5.30	\$5,314,338.14	\$5,180,403.04	\$83,484.88	97.48%
2024	\$1,158,448,100.00	5.70	\$5,328,861.26	\$5,227,097.72	\$69,579.32	98.09%
2025	\$1,161,528,500.00	6.00	\$5,575,336.80	\$5,398,137.51	\$55,245.22	96.82%

Source: Township Officials and Pennsylvania Department of Community and Economic Development

MUHLENBERG TOWNSHIP TEN LARGEST REAL PROPERTY TAXPAYERS, 2025

<u>TAXPAYER</u>	<u>ASSESSMENT</u>	<u>% OF TOTAL</u>
Patriot Parkway	\$30,306,600	2.61%
184 Tuckerton Road	\$11,623,100	1.00%
North Reading WM LP	\$10,192,000	0.88%
Reed Farm LLC	\$ 9,873,600	0.85%
Town Square	\$ 9,455,100	0.81%
Penn Plaza LLC	\$ 9,348,500	0.80%
Stag Reading LLC	\$ 7,895,700	0.68%
OH Reading Realty LLC	\$ 7,440,600	0.64%
Berks 222	\$ 6,554,000	0.56%
Corporate Center Drive	\$ 6,208,000	0.53%
TOTAL	\$108,897,200	9.38%

Source: Township Officials

Employment

The table below shows the distribution of employment by type for the Reading Metropolitan Statistical Area for May 2026, April 2026, March 2026, and May 2025.

DISTRIBUTION OF EMPLOYMENT READING MSA*

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	May 2026	Apr 2026	Mar 2026	May 2025	Apr 2026	May 2025
TOTAL NONFARM	185,600	184,800	183,600	185,900	800	-300
TOTAL PRIVATE	165,100	164,200	163,000	165,100	900	0
GOODS PRODUCING	39,400	39,100	38,900	39,900	300	-500
Mining, Logging and Construction	8,500	8,400	8,100	8,400	100	100
Manufacturing	30,900	30,700	30,800	31,500	200	-600
Durable Goods	21,700	21,500	21,600	22,200	200	-500
Non-Durable Goods	9,200	9,200	9,200	9,300	0	-100
SERVICE PROVIDING	146,200	145,700	144,700	146,000	500	200
PRIVATE SERVICE-PROVIDING	125,700	125,100	124,100	125,200	600	500
Trade, Transportation & Utilities	36,500	36,400	36,300	36,500	100	0
Wholesale Trade	6,400	6,400	6,400	6,500	0	-100
Retail Trade	19,000	18,900	18,800	18,800	100	200
Grocery stores	3,600	3,700	3,700	3,600	-100	0
Transportation, Warehousing & Utilities	11,100	11,100	11,100	11,200	0	-100
Information	1,100	1,100	1,100	1,100	0	0
Financial Activities	6,200	6,200	6,200	6,300	0	-100
Credit intermediation and related activities	2,300	2,300	2,200	2,200	0	100
Professional and Business Services	24,200	24,100	24,000	24,700	100	-500
Education and Health Services	34,300	34,400	34,200	33,200	-100	1,100
Health care and social assistance	30,600	30,500	30,400	30,200	100	400
Leisure and Hospitality	15,600	15,100	14,600	15,400	500	200
Other Services	7,800	7,800	7,700	8,000	0	-200
Government	20,500	20,600	20,600	20,800	-100	-300
Federal Government	900	900	900	900	0	0
State Government	3,700	3,900	3,900	4,000	-200	-300
Local Government	15,900	15,800	15,800	15,900	100	0
Data benchmarked to March 2018	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry

*Non-Agricultural Wage and Salary Employment; establishment data.

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The table below depicts unemployment rates in the County, as compared to the Commonwealth and the United States, from 2016 through 2026 (not seasonally adjusted).

Unemployment Rates - 2016-2026

Year	Berks County	Pennsylvania	United States
2016	4.9	5.3	4.9
2017	4.7	5.0	4.4
2018	4.3	4.4	3.9
2019	4.3	4.3	3.7
2020	9.2	8.9	8.1
2021	6.1	5.9	5.4
2022	4.0	4.1	3.6
2023	3.7	3.7	3.6
2024	3.9	3.8	4.0
2025	4.4	4.3	4.3
2026 ⁽¹⁾	4.4	3.9	4.1

Source: Pennsylvania Department of Labor & Industry

(1) Preliminary, as of May 2026

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**MUHLENBERG TOWNSHIP
DEBT STATEMENT
(as of the date of issuance of the bonds)**

	<u>Gross Outstanding</u>
Direct Debt	
General Obligation Debt:	
PA Equipment Bank Loan	\$95,000
General Obligation Bonds, Series of 2017	4,700,000
General Obligation Bonds, Series of 2019	5,140,000
General Obligation Bonds, Series A of 2019	2,470,000
General Obligation Bonds, Series of 2026 ⁽¹⁾	<u>5,500,000</u>
Total General Obligation Debt	\$17,905,000
 Gross Direct Debt	 \$17,905,000
 Net Direct Debt	 \$17,905,000
 Overlapping Debt	
County of Berks, General Obligations ⁽²⁾	\$6,581,618
Muhlenberg School District ⁽³⁾	<u>159,980,000</u>
Total Overlapping Debt	\$166,561,618
 Net Direct and Overlapping Debt	 \$184,466,618

(1) Preliminary, subject to change

(2) Pro rata 5.77 percent of outstanding general obligation debt of the County of Berks as of Aug. 3, 2026 (\$113,972,000).

(3) Pro rata 100 percent of outstanding general obligation debt of the Muhlenberg School District as of Aug. 3, 2026 (local share).

Borrowing Capacity

The Debt Act establishes debt limits for local government units. The basis for determining nonelectoral borrowing capacity is related to adjusted revenues received over the most recent three fiscal years. The following is a calculation of the current “borrowing base,” which is the arithmetic average of the total revenues of the Township after adjustments by the exclusion of certain subsidies, reimbursements, pledged revenues and non-recurring items:

	Fiscal Year Ending December 31		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net Revenues	\$20,758,482	\$21,256,048	\$24,321,688
Annual Arithmetic Average (Borrowing Base)			\$22,112,073
Net Nonelectoral Debt Limit:			
Borrowing Limit: Nonelectoral Debt (250%)			\$55,280,182
Less: Net Nonelectoral Debt			<u>17,905,000</u>
Remaining Nonelectoral Debt Borrowing Capacity			\$37,375,182
Net Nonelectoral Debt and Net Lease Rental Debt Limit:			
Borrowing Limit: Nonelectoral Debt Plus Lease Rental Debt (350%)			\$77,392,254
Less: Net Nonelectoral Debt and Net Lease Rental Debt			<u>17,905,000</u>
Remaining Nonelectoral and Lease Rental Debt Capacity			\$59,487,254

Source: Township Annual Financial Reports & Township Officials

Debt Ratio Calculations

Net Direct Debt Plus Overlapping Debt Per Capita	\$8,336.72
Net Direct Debt Plus Overlapping Debt to Market Value	9.40%
Net Direct Debt Per Capita	\$809.19
Net Direct Debt to Market Value	0.91%
Gross Direct Debt Per Capita	\$809.19
Gross Direct Debt to Market Value	0.91%
2024 Population	22,127
2025 Market Value	\$1,963,437,621
Net Direct Debt	\$17,905,000
Gross Direct Debt	\$17,905,000
Net Direct Debt Plus Overlapping Debt	\$184,466,618

APPENDIX B

Township's Audited Financial Statements (Fiscal Year ended December 31, 2025)

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MUHLENBERG TOWNSHIP

FINANCIAL STATEMENTS, SUPPLEMENTARY AND OTHER INFORMATION

As of and for the Year Ended December 31, 2025

And Report of Independent Auditor

MUHLENBERG TOWNSHIP
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Report of Independent Auditor

To the Board of Commissioners
Muhlenberg Township
Reading, Pennsylvania

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Muhlenberg Township, Pennsylvania (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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2025, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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 combining modified cash basis - nonmajor governmental funds financial statements and combining modified cash basis - fiduciary funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining modified cash basis - nonmajor governmental funds financial statements and combining modified cash basis - fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison schedules, and pension and other postemployment benefit information on pages 39 through 43 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Reading, Pennsylvania
July 28, 2026

MUHLENBERG TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Our discussion and analysis of Muhlenberg Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2025, within the limitations of the Township's modified cash basis of accounting. Please read it in conjunction with the Township's financial statements that begin on page 11.

Financial Highlights

- The Township's net position increased by \$1,314,383 for the year ended December 31, 2025, compared to an increase of \$88,166 for the year ended December 31, 2024.
- The Township's General Fund ended 2025 with a modified cash basis fund balance of \$9,964,442, which represents 45% of revenues of the Fund and compares to \$8,101,565, which represents 44% for 2024. The Township maintains a fund balance in order to provide adequate financial resources to pay for services to the citizens of the Township during periods when tax and other revenue collections are not sufficient to fund daily operating costs. This generally occurs in the first few months of each year. This enables the Township to avoid having to borrow money to cover operating expenses prior to the receipt of tax revenues that are assessed March 1 of each year.
- The other fund presented as major for 2025 includes the Fire Protection Fund which had a fund balance (deficit) of (\$57,095).
- The Township's Fire Protection Fund and Capital Equipment Fund were considered major funds in 2024.
- The Township's outstanding balance on long-term debt at December 31, 2025 decreased by \$1,075,691 from the outstanding balance at December 31, 2024 resulting entirely from principal payments.

Using This Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board ("GASB") Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements – The statement of net position - modified cash basis and the statement of activities - modified cash basis (on pages 11 and 12) provide information about the activities of the Township government-wide (or "as a whole"). The statement of activities reports revenues and expenditures utilizing the modified cash basis of accounting as described in Note 1 to the financial statements.

Fund Financial Statements – Fund financial statements (starting on page 13) focus on the individual parts of the Township's government. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on pages 15 and 16 of the financial statements.

MUHLENBERG TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Notes to the Financial Statements – The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information – The management's discussion and analysis on pages 4 to 10, supplementary information on pages 33 to 36, and other information on pages 37 to 43, represent information that provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The Township has elected to present its financial statements on a modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded. Under the modified cash basis of accounting, only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. The change in fair value of investments held in pension funds is also recorded.

As a result of the use of the modified cash basis of accounting, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The Township's Reporting Entity Presentation – This annual report includes all activities for which the Township is responsible. The Township is a Pennsylvania First Class Township which operates under a Board of Commissioners form of government. The governing body is an elected five-member Board of Commissioners. The Township is managed by a Township Manager appointed by the Board of Commissioners. The Township operates the general government activities of the community, including police and fire protection, street and road maintenance, parks and other culture and recreation, health and welfare, and various administrative functions.

The Government-Wide Statement of Net Position and the Statement of Activities – The government-wide financial statements are presented on pages 11 and 12. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse as a result of the year's activities?" The statement of net position - modified cash basis and the statement of activities - modified cash basis report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include only the Township's assets, liabilities, and activities resulting from the use of the modified cash basis of accounting, as previously described.

These two statements report the Township's net position and changes in them. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to also consider nonfinancial factors to assess the overall health of the Township, (i.e., changes in the Township's tax base, the condition of the Township's roads, etc.). In addition, the limitations of the modified cash basis of accounting should be considered when analyzing the overall financial health of the Township.

MUHLENBERG TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

In the statement of net position - modified cash basis and the statement of activities - modified cash basis, the Township has one type of activity:

Governmental Activities – The Township's basic services are reported here, including general government services, public safety, public works, and culture and recreation. Charges related to these services finance a portion of these activities and the balance with general revenues of the Township, including real estate taxes, income taxes, and grants.

Reporting the Township's Most Significant Funds

The Fund Financial Statements – The fund financial statements begin on page 13 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by state law or by bond covenants. However, the Township establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Township's two kinds of funds (governmental and fiduciary) use the same accounting approach under the modified cash basis of accounting.

Governmental Funds – The Township's basic services are reported in governmental funds that focus on how money flows in and out of those funds and the balances remaining at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as cash disbursements and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Fiduciary Funds – Fiduciary funds are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements, and similar arrangements.

A Financial Analysis of the Township as a Whole

The Township is presenting its financial statements as required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as applicable to the Township's modified cash basis of accounting. The statement of net position and the statement of activities report information about the Township as a whole, and about its activities, to measure the results of the year's activities.

MUHLENBERG TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Government-Wide Financial Statements

The Township's net position at December 31 is presented below:

Table A-1
Summary of Statement of Net Position - Modified Cash Basis

	Governmental Activities	
	2025	2024
Cash and investments	\$ 10,339,247	\$ 9,024,865
Restricted cash - escrow	4,402,203	1,436,194
Other receivables	426	425
Total Assets	14,741,876	10,461,484
Funds held in escrow	4,402,203	1,436,194
Net Position:		
Restricted	516,145	703,208
Unrestricted	9,823,528	8,322,082
Total Net Position	\$ 10,339,673	\$ 9,025,290

Net position of the Township's governmental activities increased during 2025 to \$10,339,675. This compares to a balance of \$9,025,290 during 2024. Net position is shown as restricted if it can only be used for specific purposes. Net position of \$516,145 and \$703,208 at December 31, 2025 and 2024, respectively, is restricted and the remaining net position is unrestricted.

MUHLENBERG TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

The Township's change in net position (resulting from modified cash transactions) for the years ended December 31 is presented below:

Table A-2
Summary of Statement of Activities - Modified Cash Basis

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues:		
Charges for services	\$ 7,406,209	\$ 4,817,287
Operating grants and contributions	2,169,221	2,435,753
Capital grants and contributions	-	379,727
General Revenues:		
Real estate taxes	6,816,479	6,548,831
Real estate transfer taxes	937,858	623,617
Earned income taxes	3,899,767	3,618,634
Other taxes	2,058,923	2,023,760
Investment income	378,072	332,261
Miscellaneous income	655,159	476,178
Total Revenues	<u>24,321,688</u>	<u>21,256,048</u>
Expenditures:		
General government	2,052,220	2,127,186
Public safety	9,571,324	8,851,665
Health and human services	87,066	50,397
Public works - sanitation	2,262,749	2,230,441
Public works - highways and streets	4,164,102	3,118,149
Culture and recreation	1,900,511	1,638,491
Community development	-	9,044
Employee paid benefits, insurance, other	1,491,047	1,580,563
Debt service	1,478,286	1,561,946
Total Expenditures	<u>23,007,305</u>	<u>21,167,882</u>
Change in net position	1,314,383	88,166
Net position, beginning of year	<u>9,025,290</u>	<u>8,937,124</u>
Net position, end of year	<u>\$ 10,339,673</u>	<u>\$ 9,025,290</u>

The Township's combined net position, resulting from modified cash basis transactions, increased \$1,314,383 during 2025 and increased \$88,166 during 2024, respectively (see Table A-2).

MUHLENBERG TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is provided. Of particular interest is the format that is significantly different from a typical statement of activities. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is net revenue (expenditures) by program. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenues, even if restricted for a specific purpose.

For the years ended December 31, 2025 and 2024, total revenues for governmental activities, resulting from modified cash basis transactions, amounted to \$24,321,688 and \$21,256,048, respectively.

For the years ended December 31, 2025 and 2024, total expenditures for governmental activities, resulting from modified cash basis transactions, amounted to \$23,007,305 and \$21,167,882, respectively. Of these total disbursements for the years ended December 31, 2025 and 2024, taxpayers and other general revenues funded \$14,746,258 and \$13,623,281, respectively, while those directly benefiting from the program funded \$7,406,209 and \$4,817,287, respectively, from charges for services, and \$2,169,221 and \$2,815,480, respectively, from grants and other contributions.

A Financial Analysis of the Township's Funds

- For the year ended December 31, 2025, the General Fund reported revenues of \$21,906,239 and expenditures of \$18,768,362 resulting in an increase of \$3,137,877, before transfer to capital. The general fund transferred \$1,275,000 to the Capital Fund which resulted in an increase in Fund Balance of \$1,862,877.
 - The real estate tax millage for general purposes was 4.8.
- For the year ended December 31, 2025 the Fire Protection Fund had an increase of revenues over expenditures of \$39,900. Although actual revenues were \$202,541 greater than budgeted, expenditures were \$162,641 greater than appropriations due primarily to additional public safety expenses.
 - The Fire Protection tax millage for 2025 was 0.9.

Budgetary Highlights

- The general fund revenue budget is \$19 million, which is \$1.38M or 8% higher as compared to the 2024 budget. For the year ended December 31, 2025, General Fund revenues were \$2,903,982 higher than budgeted. This was primarily due to the increase in commercial building permits and the continued growth in Earned Income and Real Estate Transfer tax.
- The general fund expenditures budget is \$19.1 million, which is \$1.2M or 7% higher as compared to the 2024 budget. For the year ended December 31, 2025, General Fund expenditures were \$377,095 less than appropriated. This was primarily due to a savings in personnel costs in the police department.
- This year's operating budget had a deficit of approximately \$143,200. To balance the 2025 general fund budget, the Board voted to use unrestricted reserves to balance the budget. The General Fund reserves increased \$3,137,877 prior to transfers for year ended December 31, 2025.
- The Board also allocated \$1,000,000 of the unrestricted reserves for Capital Equipment and Improvements. For year ended December 31, 2025 the actual amount of transfer to the capital fund was \$1,275,000.

MUHLENBERG TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Capital Assets and Debt Administration

Capital Assets – The acquisition of capital assets by the Township is reported as expenditures in the year of acquisition in the fund acquiring the related assets.

Long-Term Debt – Proceeds from the acquisition of long-term debt are reported as other financing sources in the respective fund acquiring the debt in the year the proceeds are received. Correspondingly, debt service payments are reported as expenditures in the year payment is made by the fund making the related debt service payments.

The Township had long-term debt outstanding from General Obligation Bonds and other loans of \$12,701,613 and \$13,777,304 at December 31, 2025 and 2024, respectively.

Additional information on the Township's long-term debt (see Note 5).

Economic Factors and Next Year's Budget and Rates

There are many exciting things happening in the Township in 2025, as many projects have been completed or have progressed through the planning process and are set to begin in 2026. Some of these projects include:

- Progress continues on the Muhlenberg School District construction of a new Middle School and upgrades to the sports turf fields.
- The construction of the new WAWA and Mister Car Wash at the former Manderbach dealership location has begun.
- Land development plans for the construction of a new Amazon warehouse have been submitted.
- Walmart on Allentown Pike will be constructing an addition to their existing building to handle online pickup and delivery orders.
- The Township continues to invest in its infrastructure with the Road Paving Program. Every year the Township uses the money received from the inter-municipal agreement with the Muhlenberg Authority to pave roads within the Township.

The Township anticipates issuing additional debt in the amount of \$5.5 million in the upcoming year. The proceeds of the debt are intended to be used for bridge replacements and repairs, the purchase of a new fire apparatus, as well as roof and HVAC system replacements for the Township building.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Muhlenberg Township, 210 George Street, Reading, PA 19605.

MUHLENBERG TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS

DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,339,247
Restricted cash - escrow	4,402,203
Other receivables	426
Total Assets	14,741,876
LIABILITIES	
Funds held in escrow	4,402,203
Total Liabilities	4,402,203
NET POSITION	
Restricted	516,145
Unrestricted	9,823,528
Total Net Position	\$ 10,339,673

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

MUHLENBERG TOWNSHIP
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Total
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government	\$ 2,052,220	\$ 689,475	\$ 559,930	\$ (802,815)
Public Safety:				
Police	7,445,964	699,348	62,208	(6,684,408)
Fire, ambulance, and rescue	1,502,004	233,803	152,311	(1,115,890)
Other (planning, zoning, etc.)	623,356	2,902,000	-	2,278,644
Health and human services	87,066	-	-	(87,066)
Public works - sanitation	2,262,749	2,627,561	-	364,812
Public works - highways and streets	4,164,102	-	647,038	(3,517,064)
Culture and recreation	1,900,511	254,022	101,164	(1,545,325)
Employer paid benefits, insurance, other	1,491,047	-	646,570	(844,477)
Debt service - principal	1,075,691	-	-	(1,075,691)
Debt - interest, fiscal agent fees	402,595	-	-	(402,595)
Total Primary Government	<u>\$ 23,007,305</u>	<u>\$ 7,406,209</u>	<u>\$ 2,169,221</u>	<u>(13,431,875)</u>
General Revenues:				
Taxes:				
Real estate				6,816,479
Real estate transfer				937,858
Earned income				3,899,767
Business privilege				1,303,378
Emergency and municipal services				723,051
Amusement/admission				27,742
Mechanical device				4,752
Investment earnings				378,072
Miscellaneous income				655,159
Total General Revenues				<u>14,746,258</u>
Change in net position				1,314,383
Net position, beginning of year				<u>9,025,290</u>
Net position, end of year				<u>\$ 10,339,673</u>

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

MUHLENBERG TOWNSHIP
BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General	Fire Protection	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,598,534	\$ 159,253	\$ 581,460	\$ 10,339,247
Restricted cash - escrow	4,402,203	-	-	4,402,203
Interfund receivables	365,482	-	-	365,482
Other receivables	426	-	-	426
Total Assets	\$ 14,366,645	\$ 159,253	\$ 581,460	\$ 15,107,358
LIABILITIES				
Funds held in escrow	\$ 4,402,203	\$ -	\$ -	\$ 4,402,203
Interfund payables	-	216,348	149,134	365,482
Total Liabilities	4,402,203	216,348	149,134	4,767,685
FUND BALANCES				
Restricted	-	-	516,145	516,145
Committed	3,500,000	-	-	3,500,000
Assigned	1,416,780	-	61,003	1,477,783
Unassigned	5,047,662	(57,095)	(144,822)	4,845,745
Total Fund Balances	9,964,442	(57,095)	432,326	10,339,673
Total Liabilities and Fund Balances	\$ 14,366,645	\$ 159,253	\$ 581,460	\$ 15,107,358

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

MUHLENBERG TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	General	Fire Protection	Capital Equipment	Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes					
Real estate	\$ 5,453,383	\$ 1,021,487	\$ -	\$ 341,609	\$ 6,816,479
Real estate transfer	937,858	-	-	-	937,858
Earned income	3,899,767	-	-	-	3,899,767
Business privilege	1,303,378	-	-	-	1,303,378
Emergency and municipal services	723,051	-	-	-	723,051
Amusement/admission	27,742	-	-	-	27,742
Mechanical device	4,752	-	-	-	4,752
Licenses, permits, and fines	707,464	-	-	-	707,464
Interest and rent	439,888	2,118	-	2,185	444,191
Intergovernmental	1,384,843	233	-	784,145	2,169,221
Charges for services	6,369,054	233,803	-	29,769	6,632,626
Other	655,059	100	-	-	655,159
Total Revenues	21,906,239	1,257,741	-	1,157,708	24,321,688
Expenditures:					
Current:					
General government	2,036,739	15,406	-	75	2,052,220
Public Safety:					
Police	7,232,030	-	-	213,934	7,445,964
Fire, ambulance, and rescue	165,739	1,145,355	-	190,910	1,502,004
Other (planning, zoning, etc.)	623,356	-	-	-	623,356
Health and human services	87,066	-	-	-	87,066
Public works - sanitation	2,262,749	-	-	-	2,262,749
Public works - highways and streets	2,187,534	-	-	1,976,568	4,164,102
Culture and recreation	1,505,668	-	-	394,843	1,900,511
Employer paid benefits, insurance, other	1,454,822	36,225	-	-	1,491,047
Debt service - principal	815,000	18,395	-	242,296	1,075,691
Debt service - interest, fiscal agent fees	397,659	2,460	-	2,476	402,595
Total Expenditures	18,768,362	1,217,841	-	3,021,102	23,007,305
Excess (Deficiency) of Revenues					
Over Expenditures	3,137,877	39,900	-	(1,863,394)	1,314,383
Other Financing Sources (Uses):					
Transfers in	-	-	-	1,525,255	1,525,255
Transfers out	(1,275,000)	-	-	(250,255)	(1,525,255)
Total Other Financing Sources (Uses)	(1,275,000)	-	-	1,275,000	-
Change in fund balances	1,862,877	39,900	-	(588,394)	1,314,383
Fund balances, beginning of year, as previously reported	8,101,565	(96,995)	317,512	703,208	9,025,290
Change within financial reporting entity (major to nonmajor)	-	-	(317,512)	317,512	-
Fund balances, beginning of year, as restated	8,101,565	(96,995)	-	1,020,720	9,025,290
Fund balances, end of year	\$ 9,964,442	\$ (57,095)	\$ -	\$ 432,326	\$ 10,339,673

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

MUHLENBERG TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUNDS

DECEMBER 31, 2025

	Pension Trust Funds
ASSETS	
Cash and investments	<u>\$ 38,782,764</u>
NET POSITION	
Net position held in trust for pension benefits	<u><u>\$ 38,782,764</u></u>

MUHLENBERG TOWNSHIP**STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUNDS***YEAR ENDED DECEMBER 31, 2025*

	Pension Trust Funds
Additions:	
Contributions:	
Township and Commonwealth	\$ 1,179,543
Employees	315,914
Investment Income:	
Interest and dividends	1,002,413
Net appreciation in fair value of investments	4,092,920
All other unclassified operating revenue	1,323
Total Additions	6,592,113
Deductions:	
Benefit payments	1,863,522
Administrative expenses	140,723
Total Deductions	2,004,245
Change in net position	4,587,868
Net position held in trust for pension benefits, beginning of year	34,194,896
Net position held in trust for pension benefits, end of year	\$ 38,782,764

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

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies

Muhlenberg Township (the "Township"), Berks County, Pennsylvania, is a first class township created in 1851. The Township is governed by five (5) elected commissioners in accordance with laws of the Commonwealth of Pennsylvania. The commissioners must be residents and registered voters who are elected every two years, on a staggered basis, for a four-year term. The commissioners have the power to establish policies to be carried out by the Township. The commissioners appoint a manager who is responsible for the execution of all actions of the commissioners and manages the Township. The Township operates the general government activities of the community, including police and fire protection, street and road maintenance, parks and other culture and recreation, health and welfare, and various administrative functions.

As described further in *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP") established by the Governmental Accounting Standards Board ("GASB"). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to U.S. GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Financial Reporting Entity

As required by U.S. GAAP, the financial statements of the reporting entity include those of the Township (the primary government) and its component units.

The Township used guidance contained in U.S. GAAP to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. U.S. GAAP require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Township has determined it has two fiduciary component units. The Township's pension plans are considered fiduciary component units and are reported as pension trust funds in the fiduciary fund financial statements.

The Township's Board of Commissioners is responsible for appointing the members of the governing board of the Muhlenberg Township Authority, which is a component unit of the Township. The Muhlenberg Township Authority's financial activity is not included in this report. The Authority issues separate financial statements.

Basis of Presentation - Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds which are reported only in the fund financial statements. The government-wide statements include separate columns and distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services. The Township does not have any business-type activities.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies (continued)

The statement of activities demonstrates the level to which the direct expenses of a given function of the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include: 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) taxes and grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items not includable in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as one column (nonmajor funds) on the fund financial statements. The Township currently does not have any proprietary funds.

The Township Reports the Following Major Governmental Funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds – These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes.

Fire Protection Fund – This fund is used to account for the proceeds from the real estate assessment of 0.9 mills for the purpose of purchasing, maintaining, and operating an apparatus fund, as well as making appropriations to the two local fire companies.

The Township reports the following Nonmajor Governmental Funds:

Special Revenue Funds

Ambulance Fund – This fund is used to account for proceeds from the real estate assessment of 0.3 mills and receipts from private organizations to enhance ambulance related public safety services within the Township.

Liquid Fuels Fund – This fund is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies (continued)

Capital Funds – These funds are established to account for and report financial resources that are assigned for the expenditure of capital outlays.

Stormwater Fund – This fund is used to account for budgetary transfers and other fees and contributions to segregate funds and expenditures for stormwater purposes.

Parks Development Fund – This fund is used to account for budgetary transfers from the Capital Equipment Fund, public donations, and recreation fees from developers used by the Township for the development and maintenance of open air spaces.

Capital Equipment Fund – This fund is used to account for the financial resources set aside by the Township to be used for the acquisition or construction of capital facilities and other capital assets and road program expenditures.

Additionally, the Township Reports the Following Fund Types:

Fiduciary Funds – The Township's fiduciary funds are pension trust funds. Pension trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and, therefore, are not available to support the Township's own programs. The Township's pension trust funds include:

Muhlenberg Township Police Pension Fund – This fund was established to provide pension benefits to Township police employees.

Muhlenberg Township Nonuniformed Employees' Pension Fund – This fund was established to provide pension benefits to Township employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus – In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies (continued)

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use the fund balance as their measure of available spendable financial resources at the end of the period.
- The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting – The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than U.S. GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, other receivables, and funds held in escrow.

This modified cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value or amortized cost, which approximates fair value.

If the Township utilized U.S. GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Financial Position

Investments – Investments are valued at fair value, except for investments in external investment pools, which are valued at amortized costs which approximates fair value.

The Township categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies (continued)

Restricted Escrow Deposits – The restricted escrow deposit account represents cash received by the Township from developers to cover the Township's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with approved plans.

Interfund Transactions – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables."

Capital Assets – In the government-wide and fund financial statements, capital assets arising from cash transactions are recorded as capital outlay expenditures (expenses) upon acquisition. Proceeds from the sale of capital assets are reported as other financing sources in the fund financial statements and as general revenues in the statement of activities.

Long-Term Debt – Debt proceeds are reported as other financing sources in the fund financial statements and as general revenues in the government-wide financial statements. Payment of principal and interest is reported as expenditures (expenses).

Compensated Absences – Compensated absences for vacation and sick leave are recorded when paid.

Other Postemployment Benefits – The Township provides certain benefits for its retired employees. The cost of such benefit is charged to expense as the premiums are paid.

Net Position/Fund Balance Classifications

Government-Wide Statements and Fiduciary Funds – Net position is classified and displayed in two components:

Restricted – This component presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component represents net positions of the Township, which are not restricted for any project or other purpose.

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

Governmental Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed – Amounts that can be used only for a specific purpose determined by a formal action (resolution) of the Township commissioners, the government's highest level of decision-making authority. The formal action to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

Assigned – Amounts that the Township intends to use for a specific purpose. Assignments of fund balance are made by the Township Manager.

Unassigned – Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and is available for any purpose.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 1—Nature of organization and summary of significant accounting policies (continued)

Spending Policy – Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

Minimum Fund Balance Policy – The Township has committed to maintain a Budget Reserve of \$3.0 million in order to provide the liquidity needed to deal with fluctuations in income and expense cycles and other operating requirements such as prepayment for reimbursable grants.

The Township has also committed to maintain an Emergency and Operating Reserve in the amount of \$500,000 which is set aside for unexpected large-scale events or to avoid the need for service reductions in the event of unexpected conditions.

Revenues, Expenditures, and Expenses

Program Revenues – In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

General Government – Charges for services include receipts for licenses, franchise fees, rent, host benefit fees, and permits. Operating grants and contributions include allocations from the Commonwealth of Pennsylvania and receipts under an intermunicipal lease agreement.

Public Safety – Charges for services include receipts for fines, permits and police and fire services. Operating grants and contributions include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania and grants from state and federal sources.

Public Works: Sanitation – Charges for services include fees charged for refuse and recycling collection.

Public Works: Highways and Streets – Operating grants and contributions include proceeds from the State Motor License Fund.

Culture and Recreation – Charges for services include registration, facility, and community event fees. Operating grants and contributions include grants from state and local sources.

Employer Paid Benefits, Insurance, and Other – Operating grants and contributions include general municipal pension system aid from the Commonwealth of Pennsylvania.

All other governmental revenues are reported as general revenue. All taxes are classified as general revenues even if restricted for a specific purpose.

Property Taxes – Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2025 calendar year levied taxes on March 1, 2025, at 6.0 mills (4.8 mills for general operating purposes, 0.9 mills for fire protection, and 0.3 mills for ambulance and rescue). Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Berks County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at \$1,161,528,500.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 2—Stewardship, compliance, and accountability

Excess of Expenditures Over Appropriations – For the year ended December 31, 2025, expenditures exceed appropriations by \$162,643 in the fire protection fund. The excess expenditures were entirely covered by intergovernmental revenue in excess of budget.

Deficit Fund Balance of Individual Funds – For the year ended December 31, 2025, the fire protection fund had a deficit fund balance of \$57,095. The deficit was created by insufficient millage in the initial years of its creation to cover fire expenditures. The deficit will be funded through future millage assessments. In addition, the parks development fund had a deficit fund balance of \$144,822. The deficit was created by parks expenditures in excess of grant funding. The deficit will be funded by future transfers from the general fund.

Note 3—Cash and investments

The Township is permitted to invest in the following types of investments as defined in the Commonwealth of Pennsylvania First Class Township Code:

Obligations of: (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, certificates of deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

The Township is also permitted to invest in commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

In addition to the investments authorized for the Township's operating funds, fiduciary fund investments may be invested as authorized by Title 20 Pennsylvania Consolidated Statutes Chapter 73.

Cash and investments in the financial statements at December 31, 2025, are summarized as follows:

Deposits	\$	10,599,769
Pooled cash and investments (PLGIT)		3,513,185
Investments - OPEB		1,357,272
Investments - pension funds		38,053,988
	\$	<u>53,524,214</u>

Cash

Custodial Credit Risk - Deposit – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. As of December 31, 2025, the carrying amount of the Township's deposits was \$10,599,769 and the bank balance was \$11,146,706. Of the balance, \$716,997 was covered by the FDIC and \$10,106,302 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly. Deposits held in brokerage accounts of \$323,407 were uninsured and uncollateralized.

MUHLENBERG TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 3—Cash and investments (continued)

Pooled Cash and Investments

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

	<u>Amortized Cost</u>
PA Local Government Investment Trust (PLGIT):	
PLGIT-Prime	<u><u>\$ 3,513,185</u></u>

A portion of the Township's deposits were in the Pennsylvania Local Government Investment Trust ("PLGIT"). PLGIT acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

Certain external pool investments held by the Township, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels. The Township measures those investments, which include PLGIT, at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT – PRIME is a variable rate investment portfolio rated AAAM by Standard & Poor's which requires no minimum balance and no minimum investment. This option limits redemptions or exchanges to two per calendar month.

As of December 31, 2025, the entire PLGIT book balance of \$3,513,185 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

	<u>Fair Value</u>	<u>Level</u>
OPEB Investments (General Fund):		
Mutual Funds:		
Equity	\$ 844,034	1
Fixed income	470,918	1
Alternative investments	42,320	1
	<u><u>\$ 1,357,272</u></u>	
Pension Investments:		
Mutual Funds:		
Equity	\$ 23,561,860	1
Fixed income	14,491,823	1
Fixed income securities	305	2
	<u><u>\$ 38,053,988</u></u>	

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 3—Cash and investments (continued)

Pension Trust Funds – The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The Township maintains investment policies that summarize the investment philosophy of the Township and establishes investment guidelines and performance objectives for the Police, and Nonuniformed Employees' Pension Plans.

An investment company holds the Township's pooled investments in diversified and balanced portfolios consisting of mutual funds and fixed income securities. These investments are valued based on the quoted market prices for shares held. The fair value of the Township's investments has been established utilizing the net asset value of the units allocated to the Township.

Interest Rate Risk – The Township does not have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Township does not have an investment policy that would limit its investment choices to certain credit ratings. The Township's investments held in mutual funds are not rated. The Township's investment in PLIGIT is not rated as it is part of a government investment pool but has an implied rating of AAAm. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. The Township's fiduciary investments are investments in mutual funds and excluded from this risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the bank or counterparty the pension trust funds will not be able to recover the value of their investments or collateral securities that are in the possession of an outside entity. The Township does not hold any investments subject to custodial credit risk.

Note 4—Interfund receivables and payables and transfers

Interfund receivables and payables are summarized as follows at December 31, 2025:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
Major Funds:		
General fund	\$ 365,482	\$ -
Fire protection	-	216,348
Nonmajor Funds:		
Parks development	-	149,134
	<u>\$ 365,482</u>	<u>\$ 365,482</u>

Interfund receivables and payables exist as a result of the time lag between the dates when goods and services are provided and payments between funds are made. All balances outstanding will be repaid as funds are available, which may be longer than one year.

MUHLENBERG TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 4—Interfund receivables and payables and transfers (continued)

Interfund transfers are as follows at December 31, 2025:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds		
Major Funds:		
General fund	\$ -	\$ 1,275,000
Nonmajor Funds:		
Stormwater	-	250,255
Capital equipment	1,525,255	-
	<u>\$ 1,525,255</u>	<u>\$ 1,525,255</u>

Transfers were made for current and future capital needs.

Note 5—Long-term debt

The Township issues general obligation bonds and other loans to provide resources for major capital improvements and equipment needs for governmental activities. The bonds and direct obligations are issued on a pledge of the full faith and credit of the Township. Bonds and loans payable are as follows at December 31, 2025:

General Obligation Bonds, Series of 2017

On August 29 2017, the Township issued \$8,950,000 in General Obligation Bonds to: (1) currently refund the Township's General Obligation Bonds, Series of 2012, and (2) pay the costs and expenses related to issuance of the bonds. Principal payments are due annually on November 1st of each year, while interest is due semi-annually on May 1st and November 1st of each year. Final payment of the outstanding principal and accrued interest is due on November 1, 2033. The bond bears interest at rates ranging from 0.77% to 3.00%.

\$ 4,700,000

General Obligation Bonds, Series of 2019

On August 15, 2019, the Township issued \$5,195,000 in General Obligation Bonds to: (1) finance various capital projects in the Township including but not limited to the reconstruction of Tuckerton Road from River Road to Stoudt's Ferry Bridge Road, the reconstruction of the full length of River Road in the Township, and the planning, design, permitting, construction, and equipping of a new Township maintenance facility and garage, and (2) pay the costs and expenses of issuing the bonds. Principal payments are due annually on November 1st of each year, while interest is due semi-annually on May 1st and November 1st of each year. Final payment of the outstanding principal and accrued interest is due on November 1, 2039. The bond bears interest at rates ranging from 1.30% to 4.00%.

5,140,000

MUHLENBERG TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 5—Long-term debt (continued)

General Obligation Bonds, Series A of 2019

On September 24, 2019, the Township issued \$4,310,000 in General Obligation Bonds to: (1) currently refund the Township's outstanding General Obligation Note, Series A of 2015, and (2) pay the costs of issuing the bond. Principal payments are due annually on May 1st of each year, while interest is due semi-annually on May 1st and November 1st of each year. Final payment of the outstanding principal and accrued interest is due on May 1, 2034. The bond bears interest at rates ranging from 1.50% to 4.00%.

\$ 2,750,000

Loan Payable to the Commonwealth of Pennsylvania

On January 28, 2016, the Township entered into a loan in the principal amount of \$200,000 for the purchase of fire equipment. The loan bears interest at 2.0% with monthly payments of principal and interest due through maturity in 2036.

111,613
\$ 12,701,613

Principal maturities on the long-term debt are as follows:

	GOB Series of 2017	GOB Series of 2019	GOB Series A of 2019	Commonwealth of PA Loan	Total Principal	Total Interest
2026	\$ 540,000	\$ 10,000	\$ 280,000	\$ 10,000	\$ 840,000	\$ 381,085
2027	560,000	5,000	285,000	10,202	860,202	364,183
2028	565,000	10,000	295,000	10,408	880,408	345,732
2029	575,000	10,000	300,000	10,618	895,618	326,045
2030	590,000	10,000	305,000	10,833	915,833	305,006
2031-2035	1,870,000	1,355,000	1,285,000	57,532	4,567,532	1,166,421
2036-2040	-	3,740,000	-	2,020	3,742,020	381,405
	<u>\$ 4,700,000</u>	<u>\$ 5,140,000</u>	<u>\$ 2,750,000</u>	<u>\$ 111,613</u>	<u>\$ 12,701,613</u>	<u>\$ 3,269,877</u>

The following is a summary of the Township's long-term debt transactions for the year ended December 31:

	Balance 1/1/2025	Additions	Payments	Balance 12/31/2025
General Obligation Bonds, Series of 2017	\$ 5,235,000	\$ -	\$ 535,000	\$ 4,700,000
General Obligation Bonds, Series of 2019	5,145,000	-	5,000	5,140,000
General Obligation Bonds, Series A of 2019	3,025,000	-	275,000	2,750,000
PEMA Loan	8,593	-	8,593	-
PA Infrastructure Bank Loan	242,296	-	242,296	-
Commonwealth of PA Loan	121,415	-	9,802	111,613
	<u>\$ 13,777,304</u>	<u>\$ -</u>	<u>\$ 1,075,691</u>	<u>\$ 12,701,613</u>

Funds to satisfy the outstanding liabilities will be provided by future taxes and other general revenues. Total interest expense paid during the year was \$400,255.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 5—Long-term debt (continued)

The bonds are secured by the pledged full-faith, credit and taxing power of the Township. The bonds are issued in accordance with provisions of the Local Government Unit Debt Act, Act No. 177 of December 19, 1996 (the "Act"). In the event of failure of the Township to pay or cause to be paid the interest on or principal of the bonds, the holders of the bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the bonds shall have the right to recover the amount due by bringing a civil action in the Court of Common Pleas in the county in which the Township is located. The Act provides that any judgment shall have an appropriate priority upon the money next coming into the treasury of the Township.

The Township's outstanding debt from direct borrowings and direct placements is secured by substantially all assets of the Township. The Township's debt agreements contain a covenant requiring the Township will include in its budget, in each fiscal year, the amount required to pay debt service on the debt for each such year; that it will appropriate from its general revenues in each fiscal year, the amount required to pay debt service on the debt for such year and that it will duly and punctually pay or cause to be paid when due, principal and interest on the debt. For such budgeting, appropriation, and payment, the Township has irrevocably pledged its full faith, credit, and taxing power.

Fire Company – The Township has pledged to utilize whatever funds are available and in its best interest to assist the Temple Fire Company in meeting its obligations in connection with a 2% loan granted by the Pennsylvania Emergency Management Agency. The outstanding balance as of December 31, 2025 was \$14,037. The total principal payments made by the Township to the loan were \$11,734 for the year ended December 31, 2025 and are reported as public safety – fire expenditures on the statement of revenues, expenditures, and changes in fund balances.

Note 6—Pension plans

Muhlenberg Township administers and contributes to the Muhlenberg Township Police Pension Plan and the Muhlenberg Township Nonuniformed Employees' Pension Plan. All plans are single employer defined benefit pension plans administered by a trustee. The assets of the Plans are invested separately, and each Plan's assets may be used only for the payment of benefits to the members of each Plan, in accordance with the terms of that Plan.

Plan Descriptions

Police Pension Plan – The Muhlenberg Township Police Pension Plan ("the Police Pension Plan") is a single-employer defined benefit pension plan administered by a trustee. The Plan was established by Resolution No. 1, effective August 4, 1958 (adopted pursuant to Act 600 of 1956). The Plan was amended and restated by ordinance No. 2011-499 effective October 17, 2011. The Police Pension Plan provides pension benefits for normal retirement at the age of 55 and completion of 25 years of service, or if hired before January 1, 2015, age 50, and completion of 25 years of service.

Benefits are calculated based on a monthly benefit equal to 50% of gross pay average over the last 36 months of employment. The Police Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The assets of the Police Pension Plan are invested separately. The Police Pension Plan's assets may be used only for the payment of benefits to the members of the Police Pension Plan in accordance with the terms of the Police Pension Plan.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 6—Pension plans (continued)

At December 31, 2025, the following employees were covered by the Police Pension Plan:

Active employees	\$	27
Retirees and beneficiaries currently receiving benefits		32
Terminated employees entitled to benefits but not yet receiving them		4
	\$	<u>63</u>

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation ("MMO"), which is based on the Police Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute 8.0% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute. The contributions required of the Township are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the year ended December 31, 2025, the rate was 19.996% of covered payroll. The Township's contributions to the police pension plan for the years ended December 31, 2025, 2024, and 2023 were \$744,810, \$866,331, and \$756,379, respectively.

Deferred Retirement Option Program – Members who have fulfilled the age and service requirements for normal retirement under the Police Pension Plan may elect to into the Deferred Retirement Option Program ("DROP") for no more than 5 years. Officers in the DROP have their retirement benefit calculated as of the date of entry into the DROP and accrue no further benefit under the plan. The retirement benefit is paid from the plan and deposited into an account established for the officer, which will be paid in full on retirement. The Township remains the fiduciary for these funds until full retirement of the officers. At December 31, 2025 the balance of DROP accounts for the Police Pension Plan held by the Township was \$382,813.

Nonuniformed Employees' Pension Plan – The Muhlenberg Township Nonuniformed Employees' Pension Plan (the Nonuniformed Plan) is a single-employer defined benefit pension plan administered by a trustee. The Plan was established effective January 1, 1969. The Plan was amended and restated by ordinance No. 427, effective January 1, 2006. The Nonuniformed Plan provides pension benefits for normal retirement at the age 62 and 7 years of service.

Benefits are calculated based on a monthly benefit equal to 1.8% of average monthly compensation (compensation averaged over the consecutive 36-month period prior to retirement or compensation averaged over the highest three consecutive plan years, whichever produces the highest value) multiplied by completed years of service. The Nonuniformed Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The assets of the plans are invested separately. The Nonuniformed Plan's assets may be used only for the payment of benefits to the members of the plan in accordance with the terms of the Nonuniformed Plan.

At December 31, 2025, the following employees were covered by the plan:

Active employees	\$	39
Retirees and beneficiaries currently receiving benefits		17
Terminated employees entitled to benefits but not yet receiving them		4
	\$	<u>60</u>

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 6—Pension plans (continued)

Pennsylvania Act 205 requires that annual contributions to the Nonuniformed Plan be based upon the Nonuniformed Plan's MMO, which is based on the plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are not required to contribute to the Non-Uniformed Plan. The Township is required to contribute amounts necessary to fund the Nonuniformed Plan. The Township is required to contribute amounts necessary to fund the Nonuniformed Plan using the actuarial basis specified by statute. The contributions required of the Township are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the year ended December 31, 2025, the rate was 11.631% of covered payroll. The Township's contributions to the Nonuniformed Employees' Pension Plan for the years ended December 31, 2025, 2024, and 2023 were \$434,733, \$428,628, and \$460,163, respectively.

Note 7—Other postemployment benefits

Plan Description – The Township contributes to three single-employer defined benefit healthcare plans: Police Department, Non-Union and Non-Uniform Employees, and Teamsters Local Union No. 429.

Under the Police Department Plan, all officers who retire with normal retirement, or total and permanent service related disability benefits are eligible to receive benefits if no other health insurance coverage is available. If hired on or before January 1, 2015, normal retirement eligibility is age 50 after completing 25 years of service; otherwise normal retirement eligibility is age 55 after completing 25 years of service.

The Police Department plan provides medical insurance, prescription drug coverage, dental, and vision benefits for the retiree, spouse, and dependents until Medicare eligibility (normally age 65) and life insurance with a \$10,000 death benefit. The Township pays 100% of the healthcare premiums in effect at retirement; however, if hired after January 1, 2015, the Township's cost is capped at the cost of the single coverage level premium at retirement.

Under the Non-Union and Nonuniformed Employees' Plan, all non-union and nonuniformed employees who retire at age 62 or older after the completion of 10 years of full-time service are eligible. Participants may participate prior to the age of 62; however, the Township is not responsible for any reimbursement for their healthcare costs.

The provision for the Non-Union and Nonuniformed Employees' Plan covers medical insurance, prescription drug coverage, dental, and vision expenses until the earlier of the retiree reaching Medicare eligibility or 36 months. Coverage is at the level in effect at the time of retirement and any cost increases beyond retirement is the responsibility of the retiree.

Under the Teamsters Local Union No. 429 Plan, coverage is provided for member employees who if hired before January 1, 2010, retire at age 62 or older after the completion of 10 years of service, or if hired after January 1, 2010, retire at age 62 or older after the completion of 15 years of service. Participants may participate prior to the age of 62; however, the Township is not responsible for any reimbursement for their insurance costs.

As of January 1, 2024, the date of the latest actuarial valuation, the provisions for the Teamsters Local Union No. 429 Plan pays up to \$895 of the retiree's insurance for medical, prescription drug, dental, and vision coverages until the earlier of the retiree reaching Medicare eligibility or 36 months.

MUHLENBERG TOWNSHIP **NOTES TO THE BASIC FINANCIAL STATEMENTS**

DECEMBER 31, 2025

Note 7—Other postemployment benefits (continued)

At January 1, 2024 the following employees were covered by the plan:

	Police	Non-Union, Nonuniformed	Teamsters
Active employees	31	20	15
Retirees and beneficiaries currently receiving benefit	19	-	1
	<u>50</u>	<u>20</u>	<u>16</u>

The Township currently funds other postemployment benefit (“OPEB”) costs as they occur and adds additional amounts to prefund benefits. For 2025, the Township incurred \$136,031 in OPEB costs for current premiums. Plan members receiving benefits contributed \$28,029 or approximately 17% of the total premiums through their required contributions.

Note 8—Commitments and contingencies

In December 2024, the Township approved the purchase of a new fire truck in the amount of \$1,063,496, but funds had not yet been disbursed as of December 31, 2025. The commitment will be satisfied through reserves on hand and potential grant funding or financing.

In 2025, the Township entered into an agreement for trash collection which ends on December 31, 2030. The contract also includes an option period of up to an additional two years immediately following the contract term. The option chosen by the Township has a payment total in the amount of \$11,759,220 for the five-year period.

The Township is involved in various lawsuits that arise in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's management, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

Note 9—Intermunicipal agreements

In 2014, the Township entered into an agreement with the Muhlenberg Township Authority (“the Authority”) for the use of Township facilities, specifically including Township streets and rights-of-way, and other easements, as well as the joint utilization of equipment. In exchange for the use of the streets and other facilities of the Township, the Authority will pay an infrastructure fee to the Township. This agreement is for a term for the legal life of the Authority, which currently extends through July 31, 2064. Minimum payments required to be remitted to the Township under this agreement are as follows for the years ending December 31:

2026	\$	540,000
2027		540,000
2028		580,000
2029		580,000
2031-2035	580,000-620,000 annually	
2036-2040	620,000 annually	
2040-2064	620,000 annually	

Revenue related to this agreement is recorded under intergovernmental revenue on the statement of revenue, expenditures and changes in fund balance.

In 2025, the Township entered into an agreement with Bern Township to provide fire protection services within Bern Township. During 2025, Bern Township paid the Township \$233,552 for these services. Remaining payments under the agreement are \$305,962 in 2026 and \$313,852 in 2027.

MUHLENBERG TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

Note 10—Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss. There were no reductions in insurance coverages for the 2025 year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 11—Fund balance

Details of the Township's governmental fund balance reporting and policy can be found in Note 1, *Nature of Organization and Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2025, are as follows:

	Restricted	Committed	Assigned	Unassigned	Total
Major Governmental Funds:					
General	\$ -	\$ 3,500,000	\$ 1,416,780	\$ 5,047,662	\$ 9,964,442
Fire protection	-	-	-	(57,095)	(57,095)
Nonmajor Governmental Funds:					
Ambulance	408,637	-	-	-	408,637
Liquid fuels	44,785	-	-	-	44,785
Stormwater	62,723	-	-	-	62,723
Parks development	-	-	-	(144,822)	(144,822)
Capital equipment	-	-	61,003	-	61,003
	<u>\$ 516,145</u>	<u>\$ 3,500,000</u>	<u>\$ 1,477,783</u>	<u>\$ 4,845,745</u>	<u>\$ 10,339,673</u>

Major Governmental Funds

General Fund – The general fund has committed funds of \$3,500,000, with \$3,000,000 being for budget reserves and \$500,000 for emergency operating reserves; assigned funds of \$1,416,780 for other post-employment benefit expenditures; and the remainder of fund balance is unassigned in the amount of \$5,047,662.

Fire Protection Fund – The fire protection fund has an unassigned deficit of \$57,095.

Nonmajor Governmental Funds

Ambulance Fund – The ambulance fund has restricted funds of \$408,637 consisting of unspent tax receipts for ambulance related public safety expenses.

Liquid Fuels Fund – The liquid fuels fund has restricted funds of \$44,785 consisting of unspent state liquid fuels funds restricted by state law.

Stormwater Fund – The stormwater fund has restricted funds of \$62,723 for stormwater purposes.

Parks Development Fund – The parks development fund has an unassigned deficit of \$144,822.

Capital Equipment Fund – The capital equipment fund has assigned funds of \$61,003, consisting primarily of transfers from the general fund to be used for future capital purchases.

SUPPLEMENTARY INFORMATION

MUHLENBERG TOWNSHIP**COMBINING BALANCE SHEET – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS***DECEMBER 31, 2025*

	Ambulance	Liquid Fuels	Stormwater	Parks Development	Capital Equipment	Totals
ASSETS						
Cash and investments	\$ 408,637	\$ 44,785	\$ 62,723	\$ 4,312	\$ 61,003	\$ 581,460
Total Assets	<u>\$ 408,637</u>	<u>\$ 44,785</u>	<u>\$ 62,723</u>	<u>\$ 4,312</u>	<u>\$ 61,003</u>	<u>\$ 581,460</u>
LIABILITIES						
Interfund payables	\$ -	\$ -	\$ -	\$ 149,134	\$ -	\$ 149,134
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,134</u>	<u>-</u>	<u>149,134</u>
FUND BALANCES						
Restricted	408,637	44,785	62,723	-	-	516,145
Assigned	-	-	-	-	61,003	61,003
Unrestricted	-	-	-	(144,822)	-	(144,822)
Total Fund Balances	<u>408,637</u>	<u>44,785</u>	<u>62,723</u>	<u>(144,822)</u>	<u>61,003</u>	<u>432,326</u>
Total Liabilities and Fund Balances	<u>\$ 408,637</u>	<u>\$ 44,785</u>	<u>\$ 62,723</u>	<u>\$ 4,312</u>	<u>\$ 61,003</u>	<u>\$ 581,460</u>

MUHLENBERG TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Ambulance	Liquid Fuels	Stormwater	Parks Development	Capital Equipment	Totals
Revenues:						
Real estate taxes	\$ 341,609	\$ -	\$ -	\$ -	\$ -	\$ 341,609
Interest and rent	1,237	17	28	10	893	2,185
Intergovernmental	86	642,095	-	101,164	40,800	784,145
Charges for services	-	-	4,790	2,100	22,879	29,769
Total Revenues	342,932	642,112	4,818	103,274	64,572	1,157,708
Expenditures:						
Current:						
General government	-	75	-	-	-	75
Public safety - police	-	-	-	-	213,934	213,934
Public safety - fire, ambulance and rescue	190,910	-	-	-	-	190,910
Public works - highways and streets	-	383,570	-	-	1,592,998	1,976,568
Culture and recreation	-	-	-	355,439	39,404	394,843
Debt service - principal	-	242,296	-	-	-	242,296
Debt service - interest, fiscal agent fees	-	2,476	-	-	-	2,476
Total Expenditures	190,910	628,417	-	355,439	1,846,336	3,021,102
Excess (deficiency) of revenue over expenditures	152,022	13,695	4,818	(252,165)	(1,781,764)	(1,863,394)
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	1,525,255	1,525,255
Transfers out	-	-	(250,255)	-	-	(250,255)
Total Other Financing Sources (Uses)	-	-	(250,255)	-	1,525,255	1,275,000
Net changes in fund balances	152,022	13,695	(245,437)	(252,165)	(256,509)	(588,394)
Fund balances, beginning of year, as previously reported	256,615	31,090	308,160	107,343	-	703,208
Change within financial reporting entity (major to nonmajor)	-	-	-	-	317,512	317,512
Fund balances, beginning of year, as restated	256,615	31,090	308,160	107,343	317,512	1,020,720
Fund balances, end of year	\$ 408,637	\$ 44,785	\$ 62,723	\$ (144,822)	\$ 61,003	\$ 432,326

MUHLENBERG TOWNSHIP
COMBINING STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUNDS

DECEMBER 31, 2025

	Police Pension Fund	Nonuniformed Employees Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	<u>\$ 29,916,914</u>	<u>\$ 8,865,850</u>	<u>\$ 38,782,764</u>
NET POSITION			
Net position held in trust for pension benefits	<u>\$ 29,916,914</u>	<u>\$ 8,865,850</u>	<u>\$ 38,782,764</u>

MUHLENBERG TOWNSHIP**COMBINING STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUNDS***DECEMBER 31, 2025*

	Police Pension Fund	Nonuniformed Employees Pension Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Township and Commonwealth	\$ 744,810	\$ 434,733	\$ 1,179,543
Employees	315,914	-	315,914
Investment Income:			
Interest and dividends	774,193	228,220	1,002,413
Net appreciation in fair value of investments	3,165,491	927,429	4,092,920
All other unclassified operating revenue:	1,003	320	1,323
Total Additions	5,001,411	1,590,702	6,592,113
Deductions:			
Benefit payments	1,136,887	726,635	1,863,522
Administrative expenses	103,365	37,358	140,723
Total Deductions	1,240,252	763,993	2,004,245
Changes in net position	3,761,159	826,709	4,587,868
Net position held in trust for pension benefits, beginning of year	26,155,755	8,039,141	34,194,896
Net position held in trust for pension benefits, end of year	\$ 29,916,914	\$ 8,865,850	\$ 38,782,764

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OTHER INFORMATION

MUHLENBERG TOWNSHIP**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND –
MODIFIED CASH BASIS***YEAR ENDED DECEMBER 31, 2025*

	*		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Real estate	\$ 5,540,935	\$ 5,453,383	\$ (87,552)
Real estate transfer	520,000	937,858	417,858
Earned income	3,600,000	3,899,767	299,767
Business privilege	1,250,000	1,303,378	53,378
Emergency and municipal services	750,000	723,051	(26,949)
Amusement/admission	30,000	27,742	(2,258)
Mechanical device	-	4,752	4,752
Licenses, permits, and fines	699,500	707,464	7,964
Interest and rent	288,322	439,888	151,566
Intergovernmental	1,375,500	1,384,843	9,343
Charges for services	4,535,500	6,369,054	1,833,554
Other	412,500	655,059	242,559
Total Revenues	<u>19,002,257</u>	<u>21,906,239</u>	<u>2,903,982</u>
Expenditures:			
Current:			
General government	2,055,994	2,036,739	19,255
Public Safety:			
Police	7,667,015	7,232,030	434,985
Fire, ambulance, and rescue	180,000	165,739	14,261
Other (planning, zoning, etc.)	709,910	623,356	86,554
Health and human services	84,500	87,066	(2,566)
Public works - sanitation	2,237,910	2,262,749	(24,839)
Public works - highways and streets	2,142,695	2,187,534	(44,839)
Culture and recreation	1,464,265	1,505,668	(41,403)
Community development	15,000	-	15,000
Employer paid benefits, insurance, other	1,375,508	1,454,822	(79,314)
Debt Service:			
Principal	815,000	815,000	-
Interest, fiscal agent fees	397,660	397,659	1
Total Expenditures	<u>19,145,457</u>	<u>18,768,362</u>	<u>377,095</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(143,200)</u>	<u>3,137,877</u>	<u>3,281,077</u>
Other Financing Uses:			
Transfers out	<u>(1,000,000)</u>	<u>(1,275,000)</u>	<u>(275,000)</u>
Net change in fund balance	<u>\$ (1,143,200)</u>	<u>1,862,877</u>	<u>\$ 3,006,077</u>
Fund balance, beginning or year		<u>8,101,565</u>	
Fund balance, end of year		<u>\$ 9,964,442</u>	

* Original and Final Budget are the same.

MUHLENBERG TOWNSHIP**BUDGETARY COMPARISON SCHEDULE FOR THE FIRE PROTECTION FUND –
MODIFIED CASH BASIS**

YEAR ENDED DECEMBER 31, 2025

	*		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Real estate taxes	\$ 1,049,000	\$ 1,021,487	\$ (27,513)
Interest and rent	1,450	2,118	668
Intergovernmental	200	233	33
Charges for services	-	233,803	233,803
Other	4,550	100	(4,450)
Total Revenues	<u>1,055,200</u>	<u>1,257,741</u>	<u>202,541</u>
Expenditures:			
Current:			
General government	10,000	15,406	(5,406)
Public safety - fire, ambulance, and rescue	988,132	1,145,355	(157,223)
Employer paid benefits, insurance, other	36,225	36,225	-
Debt service - principal	18,423	18,395	28
Debt service - interest	2,420	2,460	(40)
Total Expenditures	<u>1,055,200</u>	<u>1,217,841</u>	<u>(162,641)</u>
Net changes in fund balance	<u>\$ -</u>	39,900	<u>\$ 39,900</u>
Fund balance (deficit), beginning of year		(96,995)	
Fund balance (deficit), end of year		<u>\$ (57,095)</u>	

NOTE:

Budgetary Data – The Township adopts an annual operating budget, which can be amended by the commissioners throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the cash basis. For this reason, no reconciliation will be needed between budgeted and actual amounts. Appropriations, encumbrances, and unexpended grant appropriations lapse at the end of each fiscal year.

MUHLENBERG TOWNSHIP**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

YEAR ENDED DECEMBER 31, 2025

	Police	Non-Union, Nonuniformed Employees
Total Pension Liability:		
Service cost	\$ 723,275	\$ 317,541
Interest	1,997,021	615,542
Differences between expected and actual experience	426,146	103,757
Benefit payments and refunds of employee contributions	<u>(1,136,886)</u>	<u>(726,635)</u>
Net Change in Total Pension Liability	2,009,556	310,205
Total pension liability, beginning of year	<u>28,995,236</u>	<u>9,055,229</u>
Total Pension Liability, End of Year	<u><u>\$ 31,004,792</u></u>	<u><u>\$ 9,365,434</u></u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 744,810	\$ 434,733
Contributions - employee	316,143	-
Net investment income	3,844,027	1,124,217
Benefit payments and refunds of employee contributions	(1,136,886)	(726,635)
Administrative expense	<u>(6,706)</u>	<u>(5,606)</u>
Net Change in Plan Fiduciary Net Position	3,761,388	826,709
Plan net position, beginning of year	<u>26,155,241</u>	<u>8,029,414</u>
Plan Net Position, End of Year	<u><u>\$ 29,916,629</u></u>	<u><u>\$ 8,856,123</u></u>
Township's Net Pension Liability	<u><u>\$ 1,088,163</u></u>	<u><u>\$ 509,311</u></u>
Plan Fiduciary Net Position as a Percentage of the Total		
Pension Liability	<u>96.5%</u>	<u>94.6%</u>
Covered Employee Payroll	<u><u>\$ 3,414,830</u></u>	<u><u>\$ 2,767,121</u></u>
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	<u>31.9%</u>	<u>18.4%</u>

*These Schedules present information as of the last actuarial valuation date of January 1, 2025 and rolled forward to the reporting date. Amounts are presented in accordance with GASB Statement No. 68.

Changes in assumptions related to each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lines of all active and inactive employees that are provided pension through the plans.

MUHLENBERG TOWNSHIP
SCHEDULE OF PENSION CONTRIBUTIONS – POLICE PENSION PLAN
LAST 10 FISCAL YEARS (UNAUDITED)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 744,810	\$ 866,331	\$ 756,379	\$ 703,537	\$ 904,072	\$ 886,252	\$ 1,037,696	\$ 1,024,715	\$ 883,412	\$ 758,156
Contributions in relation to the contractually required contribution	<u>744,810</u>	<u>866,331</u>	<u>756,379</u>	<u>703,537</u>	<u>904,072</u>	<u>886,252</u>	<u>1,037,696</u>	<u>1,024,715</u>	<u>883,412</u>	<u>758,156</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,414,830	\$ 3,890,559	\$ 3,178,768	\$ 3,190,119	\$ 3,263,108	\$ 2,702,975	\$ 2,695,856	\$ 2,870,376	\$ 3,042,264	\$ 2,874,647
Contributions as a percentage of covered employee payroll	21.8%	22.3%	23.8%	22.1%	27.7%	32.8%	38.5%	35.7%	29.0%	26.4%
Methods and assumptions used to determine contribution rates are as follows:										
Actuarial Cost Method	Entry age normal									
Amortization Method	Level dollar, closed									
Remaining Amortization Period	3 years (aggregate)									
Asset Valuation Method	4-year smoothing									
Inflation	2.75%									
Salary Increases	4.25% including inflation									
Investment Rate of Return	6.75% net of investment expenses not funded through the MMO, and including inflation									
Retirement Age	Hired after 1/1/2015: Normal retirement age, or attained age if currently eligible to retire Hired before 1/1/2015: 75% of eligible participants retire each year at ages 50-54 and 100% retiring at age 55 and older									
Mortality	PubS-2010 with mortality improvement projected from 2020 with rates based on the 2020 SSA's assumptions									

MUHLENBERG TOWNSHIP
SCHEDULE OF PENSION CONTRIBUTIONS – NONUNIFORMED EMPLOYEES’ PENSION PLAN
LAST 10 FISCAL YEARS (UNAUDITED)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 434,733	\$ 428,628	\$ 460,163	\$ 491,155	\$ 462,497	\$ 478,481	\$ 443,281	\$ 397,018	\$ 375,425	\$ 373,317
Contributions in relation to the contractually required contribution	<u>434,733</u>	<u>428,628</u>	<u>460,163</u>	<u>491,155</u>	<u>462,497</u>	<u>478,481</u>	<u>443,281</u>	<u>397,018</u>	<u>375,425</u>	<u>373,317</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 2,767,121	\$ 2,511,110	\$ 2,448,688	\$ 2,237,270	\$ 2,190,629	\$ 2,151,150	\$ 1,957,636	\$ 1,977,102	\$ 2,028,680	\$ 1,901,448
Contributions as a percentage of covered employee payroll	15.7%	17.1%	18.8%	22.0%	21.1%	22.2%	22.6%	20.1%	18.5%	19.6%
Methods and assumptions used to determine contribution rates are as follows:										
Actuarial Cost Method	Entry age normal									
Amortization Method	Level dollar, closed									
Remaining Amortization Period	5 years (aggregate)									
Asset Valuation Method	4-year smoothing									
Inflation	2.75%									
Salary Increases	4.25% including inflation									
Investment Rate of Return	6.75% net of investment expenses not funded through the MMO, and including inflation									
Retirement Age	Normal retirement age, or attained age if currently eligible to retire									
Mortality	PubG-2010 with mortality improvement projected from 2020 with rates based on the 2020 SSA's assumptions; pre-retirement mortality									

MUHLENBERG TOWNSHIP**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFIT LIABILITY PLAN
LAST 10 FISCAL YEARS (UNAUDITED)**

As of January 1, 2024, the date of the Latest Actuarial Report

Total OPEB Liability:

Service cost	\$ 345,359
Benefit payments	(188,774)
Interest	264,690
Changes in benefit terms	31,386
Changes in assumptions or other inputs	(677,116)
Differences between expected and actual experience	(188,954)
Net Change in Total OPEB Liability	(413,409)

Total OPEB liability, beginning of year	6,810,739
Total OPEB liability, end of year	6,397,330
Plan fiduciary net position	-
Net OPEB Liability	\$ 6,397,330
Employee Covered Payroll	\$ 6,152,825
Net OPEB liability as a percentage of covered employee payroll	103.97%

Methods and Assumptions

Actuarial Cost Method	Entry age normal
Inflation	2.75%

Healthcare Cost Trend Rates

<u>Year</u>	<u>Medical/Rx</u>	<u>Dental</u>	<u>Vision</u>
2024	7.00%	3.5%	1.5%
2025	6.50%	3.5%	1.5%
2026	6.00%	3.5%	1.5%
2027	5.50%	3.5%	1.5%
2028	5.00%	3.5%	1.5%
2029 and later	4.75%	3.5%	1.5%

MUHLENBERG TOWNSHIP**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFIT LIABILITY PLAN
LAST 10 FISCAL YEARS (UNAUDITED) (CONTINUED)**

Discount Rate: 4.25%

Retirement Age: For those hired before 1/1/2015, 75% of eligible participants retire each year from ages 50 to 54 with 100% retiring at age 55 or older. For those hired after 1/1/2015, 100% upon reaching OPEB eligibility.

Mortality: For Police: PubS-2010 with mortality improvement projected from 2020 with rates based on the 2020 SSA's assumptions.

For Non-Police: PubG-2010 with mortality improvement projected from 2020 with rates based on 2020 SSA's assumptions; pre-retirement mortality.

* These Schedules present information as of the last actuarial valuation date of January 1, 2024, which is the most recent report available.

APPENDIX C

Proposed Form of Opinion of Bond Counsel

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Stevens & Lee

111 N. Sixth Street
P.O. Box 679
Reading, PA 19603
(610) 478-2000
www.stevenslee.com

_____, 2026

RE: \$_____ Township of Muhlenberg, Berks County, Pennsylvania
General Obligation Bonds, Series of 2026

TO: THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS

We have served as Bond Counsel in connection with the issuance by the Township of Muhlenberg, Berks County, Pennsylvania (the “Township”), of its \$_____ aggregate principal amount General Obligation Bonds, Series of 2026, dated as of and bearing interest from _____, 2026 (the “Bonds”). The Bonds are being issued, without the assent of the electors, in registered form, without coupons, in denominations of \$5,000 or any whole multiple thereof, pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended, 53 Pa.C.S. Chs. 80-82 (the “Act”) and an Ordinance enacted by the Board of Commissioners of the Township (the “Board of Commissioners”) on September 21, 2026 (the “Ordinance”).

The Bonds are being issued to provide funds for a project of the Township (the “Project”) consisting of (1) the design, acquisition, construction, installation, furnishing and equipping of alterations, renovations, additions and improvements to the Township’s existing systems, buildings and facilities; and (2) the payment of the costs and expenses of issuance of the Bonds.

The Township has covenanted in the Ordinance that it will make no use of the proceeds of the Bonds and it has neither done nor suffered and will neither do nor suffer any other action which, if such use or action had been reasonably expected on the date of issue of the Bonds, would cause the Bonds to be “arbitrage bonds,” or “private activity bonds” as those terms are defined in the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations thereunder. The Township has further covenanted that it will comply with the requirements of Section 148 and Section 141 of the Code and with the applicable regulations thereunder throughout the term of the Bonds. Further, the Township has designated the Bonds as “qualified tax-exempt obligations” within the meaning and for the purposes of Section 265(b)(3) of the Code.

In the Ordinance, the Township has covenanted that (1) it will include in its budget in each fiscal year the amount required to pay debt service on the Bonds for such year, (2) it will appropriate from its general revenues in each such fiscal year, the amount required to pay debt service on the Bonds for such year, and (3) it will duly and punctually pay or cause to be paid when due, from its sinking fund or any other of its revenues or funds, the principal of and interest on the Bonds at the dates and place and in the manner stated therein, according to the

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_____, 2026
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true intent and meaning thereof. For such budgeting, appropriation and payment, the Township has irrevocably pledged its full faith, credit and taxing power. In addition, the Township has established with Manufacturers and Traders Trust Company, Buffalo, New York (the “Paying Agent”), as paying agent and sinking fund depository, a sinking fund, and has covenanted to deposit into such sinking fund amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable.

In our capacity as Bond Counsel, we have reviewed: (a) a certified copy of the Ordinance; (b) the sworn debt statement and borrowing base certificate of the Township filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) in accordance with the provisions of the Act; (c) the proceedings of the Township and the various proofs of publication in connection with the advertisement of the Ordinance, all of which were filed with the Department as required by the provisions of the Act; (d) the approval of the Department; (e) a specimen copy of one of the Bonds; (f) the Nonarbitrage Certificate of the Township executed and delivered pursuant to the provisions of the Code and the regulations applicable thereto; (g) the General Certificate signed by officials of the Township; (h) a completed and executed Form 8038-G to be filed with the Internal Revenue Service; (i) the opinion of Plank Frankowski, Wyomissing, Pennsylvania, Solicitor to the Township (the “Solicitor’s Opinion”); (j) the Certificate of Raymond James & Associates, Inc. (the “Purchaser”), dated the date hereof; (k) the Certificate of FSL Public Finance LLC, municipal advisor to the Township, dated the date hereof; and (l) the other documents, certificates and opinions executed and delivered at or in connection with the closing held this day.

Based and in reliance upon our review of the foregoing, our attendance at the closing held this day and subject to the qualifications set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The Township is empowered under provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds.
2. The Ordinance was duly enacted by the Board of Commissioners and continues to be in full force and effect as of the date hereof.
3. The Bonds have been duly authorized and executed and constitute valid and binding obligations of the Township, enforceable in accordance with their terms, except as the legality, validity, binding nature and enforceability thereof may be limited by (a) applicable bankruptcy, insolvency or other laws or equitable principles now or hereafter affecting the enforcement of creditors’ rights generally or (b) general principles of equity.

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4. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

5. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds, are subject to State and local taxation within the Commonwealth of Pennsylvania.

6. Under the Code, interest on the Bonds does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In connection with providing the foregoing opinions, we call to your attention to the following:

A. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates and agreements by the Township as to the expected use of proceeds of the Bonds, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds” and its expectations with respect to the issuance of additional, tax-exempt obligations within this calendar year) without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Township set forth in the Ordinance and the various certificates and other agreements delivered at or in connection with the closing held this day.

B. In providing the opinions set forth in paragraphs 2 and 3 above, we have relied, without independent investigation, on the Solicitor’s Opinion.

C. In providing the opinion set forth in paragraph 4, above, we have assumed continuing compliance by the Township with the requirements of the Code and applicable

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regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

D. Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

E. We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated _____, 2026 (the “Preliminary Official Statement”) or the Official Statement, dated _____, 2026 (the “Official Statement”), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the Township officials. We express no opinion with respect to whether the Township, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact necessary in order to make any statements made therein not misleading.

F. We have not verified, and express no opinion as to the accuracy of, any “CUSIP” identification number which may be printed on any Bond. We have also assumed the genuineness of the signatures appearing upon all the certificates, documents and instruments executed and delivered at closing.

G. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

STEVENS & LEE, P.C.

APPENDIX D

Proposed Form of Continuing Disclosure Agreement

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TOWNSHIP OF MUHLENBERG
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of Muhlenberg, Berks County, Pennsylvania (the “Township”), in connection with the issuance of its \$ _____ aggregate principal amount General Obligation Bonds, Series of 2026 (the “Bonds”). The Bonds are being issued pursuant to an Ordinance of the Township, dated September 21, 2026 (the “Ordinance”). The Township covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

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

“Annual Report” shall mean any Annual Report provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

“Bond Insurance Company” shall mean Build America Mutual Assurance Company, its successors and assigns.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the Township and which has filed with the Township a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in

such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

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

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule.

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

“Official Statement” shall mean the Township’s Official Statement dated _____, 2026 used in connection with the offer and sale of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

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

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

SECTION 3. Provision of Annual Reports.

(a) The Township shall not later than 270 days after the end of each fiscal year of the Township, commencing with the fiscal year ending December 31, 2026, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if one has been designated by the Township under this Disclosure Certificate). The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as

provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Township may be submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the Township shall provide to each Repository such audited financial statements when they are available to the Township.

(b) If the Township is unable to provide an Annual Report by the date required in subsection (a), the Township shall send or cause the Dissemination Agent to send, in a timely manner, a notice to each NRMSIR and the SID, if any, in substantially the form attached as Exhibit A.

(c) The Township or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing each Repository to which it was provided.

(iii) The Township shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID, if any.

(d) If the Dissemination Agent does not receive the Annual Report from the Township by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the Township with respect to the Township's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports. The Township's Annual Report shall contain or incorporate by reference the following:

(a) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(b) a copy of (or summary of) the budget for the current fiscal year;
and

(c) an update of the following Sections contained within Appendix A to the Official Statement:

(i) Real Property Assessment Data;

(ii) Muhlenberg Township Tax Collection Record; and

(iii) Muhlenberg Township Ten Largest Real Property Taxpayers.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Township or related public entities, which have been submitted to each Repository or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Township shall clearly identify each such other document so incorporated by reference. The Township reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a “Listed Event” only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Township;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; and

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

(b) Whenever the Township obtains knowledge of the occurrence of a Listed Event, the Township shall as soon as possible (with respect to those Listed Events where a determination of materiality by the Township is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the Township is not relevant to the obligation to give notice of a Listed Event or (ii) the Township determines (with respect to those Listed Events where a determination of materiality by the Township is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Township shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Paying Agent.

(d) For purposes of the Listed Events in Section 5(a)(xii), the Township and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: *“Note: for the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority*

having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”

SECTION 6. Termination of Reporting Obligation. The Township’s obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the Township covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The Township may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Township shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bonds or the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Township to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent, if other than the Township. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Township agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Township under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Undertaking with Respect to Certain Procedures and Policies. The Township agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single Township official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other Township employees with respect to the Township's continuing disclosure undertakings.

SECTION 13. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 14. Alternative Filing. Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter, the Bond Insurance Company and the Holders from time to time of the Bonds and shall create no rights in any other person or entity.

TOWNSHIP OF MUHLENBERG
Berks County, Pennsylvania

(SEAL)

By: _____
President

Attest: _____
Secretary

Date: _____, 2026

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Muhlenberg
Berks County, Pennsylvania

Name of Bond Issue: Township of Muhlenberg
Berks County, Pennsylvania
\$_____ aggregate principal amount General Obligation Bonds,
Series of 2026 (the “Bonds”)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the Township of Muhlenberg, Berks County, Pennsylvania (the “Township”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2026, executed by the Township. The Township anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWNSHIP OF MUHLENBERG, BERKS
COUNTY, PENNSYLVANIA, [OR
DISSEMINATION AGENT ON BEHALF OF
THE TOWNSHIP OF MUHLENBERG, BERKS
COUNTY, PENNSYLVANIA]

cc: Paying Agent

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.