PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 13, 2026

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Moody's Ratings: "Aa2" (Underlying)
(See "**RATING**" herein)

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

For a more complete discussion see "TAX MATTERS" herein.

$22,255,000*
LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
Montgomery County, Pennsylvania
$21,285,000* Guaranteed Revenue Bonds, Series A of 2026
$970,000* Guaranteed Revenue Bonds, Series B of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15, as shown herein
First Interest Payment: June 15, 2027

The Bonds described herein are in the aggregate principal amount of $22,255,000* and consist of two series, the $21,285,000* Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds"), and the $970,000* Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds"). The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds" herein. The Bonds of the Lower Salford Township Recreation Authority (the "Authority") will be issued in registered form, without coupons, in denominations of $5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

Interest on each of the Bonds is payable initially on June 15, 2027, and thereafter semiannually on June 15 and December 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. U.S. Bank Trust Company, National Association (the "Trustee"), Philadelphia, Pennsylvania, is anticipated to be trustee under the Indenture. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, and interest on the Bonds, when due for payment, will be made directly to DTC by the Trustee, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of the Bonds will be payable, when due, upon surrender of such Bond to the Trustee at its corporate trust office located in Philadelphia, Pennsylvania (or any successor Trustee at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

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

The proceeds of the 2026A Bonds will be used to fund: (i) the acquisition, design, development, construction, improvement and maintenance of a portion of the 62-acre Allebach Farm located within the Lower Salford Township (the "Township") for community recreation and open space purposes; and (ii) the costs and expenses of issuing and insuring, if necessary, the 2026A Bonds.

The proceeds of the 2026B Bonds will be used to fund: (i) various and sundry capital improvements to the Lederach Golf Club; and (ii) the costs and expenses of issuing and insuring, if necessary, the 2026B Bonds.

(MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, CUSIPS)
(as shown on inside cover)

THE BONDS ARE PAYABLE AS TO PRINCIPAL AND INTEREST FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED), INCLUDING, WITH RESPECT TO THE SERIES 2026A BONDS, A PORTION OF THE TOWNSHIP'S EARNED INCOME TAX REVENUES PAYABLE TO THE TRUSTEE PURSUANT TO THE SERIES 2026A SUPPORT AGREEMENT (AS HEREINAFTER DEFINED) AND, WITH RESPECT TO THE SERIES 2026B BONDS, FROM CERTAIN GOLF COURSE REVENUES PAYABLE TO THE TRUSTEE PURSUANT TO THE SERIES 2026B SUPPORT AGREEMENT (AS HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE COUNTY OF MONTGOMERY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE TOWNSHIP TO THE EXTENT EVIDENCED BY THE SUPPORT AGREEMENTS AND THE GUARANTY AGREEMENT, AS HEREINAFTER DEFINED) IS PLEDGED FOR THE PAYMENT OF THE BONDS; THE TOWNSHIP HAS UNCONDITIONALLY GUARANTEED THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS UNDER A GUARANTY AGREEMENT (AS HEREINAFTER DEFINED). THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR THE BONDS" HEREIN.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and received by the Underwriter and subject to the approving legal opinion of Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the Authority by Wisler Pearlstine, LLP, Blue Bell, Pennsylvania, Authority Solicitor, and for the Underwriter by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Malvern, Pennsylvania, will act as Municipal Advisor to the Authority in connection with the Bonds. The Bonds will be delivered in New York, New York on or about September __, 2026.

RAYMOND JAMES®

Dated:

*Preliminary, subject to change.

$22,255,000*
LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
Montgomery County, Pennsylvania
$21,285,000* Guaranteed Revenue Bonds, Series A of 2026
$970,000* Guaranteed Revenue Bonds, Series B of 2026

PRINCIPAL MATURITY DATES AND AMOUNTS, INTEREST RATES, INITIAL OFFERING YIELDS AND CUSIP NUMBERS:

2026A BONDS

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15, as shown below
First Interest Payment: June 15, 2027

Maturity Date (June 15) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers[1]
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				
2056				

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

*Preliminary, subject to change.

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$22,255,000*
LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
Montgomery County, Pennsylvania
$21,285,000* Guaranteed Revenue Bonds, Series A of 2026
$970,000* Guaranteed Revenue Bonds, Series B of 2026

PRINCIPAL MATURITY DATES AND AMOUNTS, INTEREST RATES, INITIAL OFFERING YIELDS AND CUSIP NUMBERS:

2026B BONDS

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15, as shown below
First Interest Payment: June 15, 2027

Maturity Date (June 15) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers(1)
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				

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

*Preliminary, subject to change.

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LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
& LOWER SALFORD TOWNSHIP
Montgomery County, Pennsylvania

MEMBERS OF THE AUTHORITY

Keith Bergman	Chairman
Karl Janetka	Vice-Chairman
Pete Henning	Secretary
James O'Malley	Member
Kevin McCloskey	Member

TOWNSHIP SUPERVISORS

Keith Bergman	Chairman
David Scheuren	Vice-Chairman
Kent Krauss	Member
Marybeth Morrell	Member
Russel Alderfer	Member

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

AUTHORITY & TOWNSHIP SOLICITOR
WISLER PEARLSTINE, LLP
Blue Bell, Pennsylvania

TRUSTEE
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Philadelphia, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Malvern, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
DILWORTH PAXSON LLP
Philadelphia, Pennsylvania

AUTHORITY & TOWNSHIP ADDRESS
379 Main Street
Harleysville, PA 19438

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or make any representations with respect to the Bonds other than those contained in this Preliminary Official Statement, and if given or made, such information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any state or jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration or qualification of the Bonds pursuant to the applicable securities laws of any such state or jurisdiction. The information set forth herein has been obtained from the Authority and other sources that are believed to be reliable but the Underwriter does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation by the Underwriter. Any statements herein involving matters of opinion or forecasts of the occurrence of future events or circumstances whether or not expressly so stated, are intended as such and not as representation of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the Authority since the date hereof.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time, without prior notice.

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PRELIMINARY OFFICIAL STATEMENT

$22,255,000*
LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
Montgomery County, Pennsylvania
$21,285,000* Guaranteed Revenue Bonds, Series A of 2026
$970,000* Guaranteed Revenue Bonds, Series B of 2026

INTRODUCTION

This Preliminary Official Statement of the Lower Salford Township Recreation Authority (Montgomery County, Pennsylvania) (the "Authority"), which includes the cover page hereof and the Appendices attached hereto, provides information relating to the Authority, Lower Salford Township (Montgomery County, Pennsylvania) (the "Township") and the Authority's $21,285,000* Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds") and the $970,000* Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds") in the combined principal amount of $22,255,000*, collectively referred to as the "Bonds" herein. The Bonds are being issued pursuant to a Trust Indenture dated as of ________, 2026 (the "Indenture"), to be entered into between the Authority and U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania (the "Trustee"), as trustee.

The Bonds are being issued pursuant to the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended and supplemented (the "1945 Act") which 1945 Act is continued by Act No. 22, approved June 9, 2001, 53 Pa.C.S.A. §5601 et. seq., as amended and supplemented ("Act 22", and together with the 1945 Act, collectively, the "Act"), and pursuant to the Indenture and an authorizing resolution (the "Resolution") adopted by the Authority on July 23, 2026.

The Township has incurred lease rental debt and guaranteed the principal and interest on the Bonds pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S.A. Chs. 80-82, as amended and supplemented (the "Debt Act"), evidenced by a certain Guaranty Agreement (the "Guaranty Agreement"), dated as of __________, 2026. Pursuant to the Guaranty Agreement, the Township has covenanted and guaranteed to pay the full amount of all principal of, and interest on, the Bonds when due, from current revenues or other legally available funds, to the extent the receipts and revenues pledged pursuant to the Indenture are insufficient for such purpose. See "TOWNSHIP GUARANTY" herein.

Brief descriptions of the area served by the Authority, the Township, the Bonds, the Security for the Bonds, the Guaranty Agreement and the Indenture are included in this Preliminary Official Statement. All summaries of documents herein are qualified in their entirety by reference to such documents in their entirety, copies of which are available for inspection at the offices of the Authority and the Trustee.

THE AUTHORITY

The Lower Salford Township Recreation Authority (the "Authority") is a municipal authority incorporated under the Act and pursuant to appropriate legal action of the Board of Supervisors of the Township. The Authority was incorporated in 2004 initially to serve as the public financing and ownership vehicle for the acquisition and construction of the Lederach Golf Club (the "Golf Course"). Since its original formation, the Authority's mandate has expanded beyond the Golf Course to encompass the financing and oversight of additional open space acquisition and community benefit projects throughout the Township, reflecting the broader recreational and land preservation priorities of Lower Salford Township. The Authority is presently duly existing under the constitution and laws of the Commonwealth of Pennsylvania (the "Commonwealth").

PURPOSE OF THE ISSUE

The proceeds of the 2026A Bonds will be used to fund: (i) the acquisition, design, development, construction, improvement and maintenance of a portion of the 62-acre Allebach Farm located within the Lower Salford Township (the "Township") for community recreation and open space purposes; and (ii) the costs and expenses of issuing and insuring, if necessary, the 2026A Bonds.

The proceeds of the 2026B Bonds will be used to fund: (i) various and sundry capital improvements to the Golf Course; and (ii) the costs and expenses of issuing and insuring, if necessary, the 2026B Bonds.

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SOURCES AND USES OF FUNDS

Sources of Funds	2026A Bonds Total	2026B Bonds Total	Total
Par Amount			
Net Original Issue Premium/(Discount)			
Total Sources of Funds			
Uses of Funds			
Deposit to 2026A Bonds Construction Fund			
Deposit to 2026B Bonds Construction Fund			
Cost of Issuance [(1)]			
Miscellaneous Expenses/Rounding			
Total Uses of Funds			

(1) Includes Underwriter's discount, rating fee, legal fees, municipal advisory fee, printing, Trustee fees, CUSIP fee and miscellaneous expenses.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof, will be in the aggregate principal amount of $22,255,000* consisting of the $21,285,000* Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds") and the $970,000* Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds") collectively referred to as the "Bonds" herein, will be dated as of the Date of Delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially June 15, 2027, and thereafter semiannually on June 15 and December 15.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the Authority with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs.

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to the Trustee, at its principal corporate trust office in Philadelphia, Pennsylvania (or to any successor Trustee at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding June 15, 2027, in which event such Bond shall bear interest from Date of Delivery, or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially June 15, 2027, and thereafter, semiannually on June 15 and December 15 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last calendar day of the month next preceding each interest payment date (whether or not a business day)(the "Record Date"), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

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

REDEMPTION PROVISIONS

Optional Redemption – 2026A Bonds

The Bonds stated to mature on and after ________, are subject to redemption prior to maturity, at the option of the Authority, as a whole, on ________, or on any date thereafter, upon payment of a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all Bonds of any maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee.

Mandatory Redemption – 2026A Bonds

The Bonds stated to mature on ________, are subject to redemption prior to maturity under the Indenture, in the amounts and on June 15 of the years shown below, from money deposited in the Mandatory Sinking Fund created under the Indenture, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature June 15, 20__:

Year	Amount

*Final Stated Maturity

In lieu of such Mandatory Redemption, the Trustee, on behalf of the Authority, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the Authority may tender to the Trustee, all or part of the Bonds subject to being drawn for redemption in any such year.

Optional Redemption – 2026B Bonds

The Bonds stated to mature on and after ________, are subject to redemption prior to maturity, at the option of the Authority, as a whole, on ________, or on any date thereafter, upon payment of a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all Bonds of any maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee.

Mandatory Redemption – 2026B Bonds

The Bonds stated to mature on ________, are subject to redemption prior to maturity as required under the Indenture, in the amounts and on June 15 of the years shown below, from money deposited in the Mandatory Sinking Fund created under the Indenture, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature June 15, 20__:

Year	Amount

*Final Stated Maturity

In lieu of such Mandatory Redemption, the Trustee, on behalf of the Authority, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the Authority may tender to the Trustee, all or part of the Bonds subject to being drawn for redemption in any such year.

Notice of Redemption

Notice of any redemption of the Bonds under the above provision is required to be mailed by first class mail (postage paid) to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the bond register maintained by the Trustee. Such notice shall be mailed not less than 30 days prior to any such redemption date and shall be made in the manner and under the terms and conditions and with the effect provided for in the Indenture. 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 Bond shall affect the validity of the redemption proceedings for any other Bonds.

On the date designated for redemption, and money for payment of the principal and accrued interest being held by the Trustee, interest on the Bonds and portions thereof so called for redemption shall cease to accrue and such Bonds and portions thereof shall cease to be entitled to any benefit or security under the Indenture, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

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

Manner of Redemption

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

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The Authority (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 Authority or the Underwriter.

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

DTC, the world's largest Bonds 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 Bonds transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 and www.dtc.org.

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 Bond (the "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 Owners 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 the 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. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners to Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices of Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds (or all Bonds of a particular series or subseries and maturity) are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue (or 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 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).

So long as the Bonds are held by DTC under a book-entry system, payments of the principal of and interest on the Bonds and, if applicable, any premium payable upon redemption thereof, 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 the 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 Participants and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest on Bonds and, if applicable, any premium payable upon redemption thereof 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 its services as a securities depository for the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

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

So long as a nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders or the holders or owners of the Bonds shall mean DTC and shall not mean the Beneficial Owners of the Bonds. The Authority and the Trustee will recognize DTC or its nominee as the holder of all of the Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Resolution. Neither the Authority nor the Trustee will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Bondholders.

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

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

OUTSTANDING AUTHORITY DEBT

The Authority currently has no existing outstanding debt.

SECURITY FOR THE BONDS

General

As further described herein, the Bonds will be issued under and will be equally and ratably secured by the Indenture, subject to the provisions of the Indenture regarding certain funds and accounts maintained solely for a particular series of Bonds. The Indenture also provides for the issuance of Additional Bonds of the Authority, and defines certain rights of holders of the Bonds in the event of a default on the part of the Authority.

Pledge of Assigned Receipts

Under the Indenture, the Authority has sold, assigned, transferred, set over, granted a security interest in and pledged to the Trustee, its successors in the trust and its assigns, to the extent provided in the Indenture, the Trust Estate, which consists of: (i) any rights the Authority may have in and to the Pledged Revenues; (ii) all of the Authority's rights in and to the Support Agreements and all amounts payable to or for the benefit of the Authority thereunder; (iii) of the Authority's rights in and to the Guaranty Agreement and all amounts payable to the or for the benefit of the Authority thereunder, (iv) all moneys, investments and deposits held by the Trustee under the Indenture (except the Rebate Fund); and (v) any proceeds of the foregoing. See "Appendix F – SUMMARY OF BOND INDENTURE".

Assigned Receipts

Assigned Receipts consist of: (i) with respect to the Series 2026A Bonds, a portion of the Township's Earned Income Tax revenues, as collected by the Township, in an amount sufficient for the periodic payment of principal and interest on the Series 2026A Bonds, and paid and distributed to the Trustee, as assignee of the Authority, under the 2026A Support Agreement, as hereinafter further described; and (ii) with respect to the Series 2026B Bonds, a portion of the Township's golf course revenues from the Golf Course Enterprise Fund, in an amount sufficient for the periodic payment of principal and interest on the Series 2026B Bonds, as collected by the Township and paid and distributed to the Trustee, as assignee of the Authority, under the 2026B Support Agreement, as hereinafter further described. See "DESCRIPTION OF THE LOWER SALFORD TOWNSHIP RECREATION AUTHORITY – Golf Course Finances," Appendix A – DESCRIPTION AND ECONOMICS OF LOWER SALFORD TOWNSHIP – TAXING POWER OF THE TOWNSHIP – Earned Income Tax".

The Acknowledgement and Support Agreements

To further ensure the proper payment and distribution of the Earned Income Tax revenues (with respect to the Series 2026A Bonds) and the golf course revenues (with respect to the Series 2026B Bonds), and for the further security of the Bonds, the Authority and the Township have entered into: (i) an Acknowledgement and Support Agreement (Earned Income Tax Revenues) dated as of ________, 2026 (the "2026A Support Agreement") with respect to the Series 2026A Bonds; and (ii) an Acknowledgement and Support Agreement (Golf Course Revenues) dated as of ________, 2026 (the "2026B Support Agreement" and together with the Series 2026A Support Agreement, the "Support Agreements") with respect to the Series 2026B Bonds.

Pursuant to the 2026A Support Agreement, the Township represents that it will collect the Earned Income Tax revenues and deposit the Earned Income Tax revenues in a special fund. The Township agrees to make semi-annual distributions by each June 1 and December 1 of the Earned Income Tax revenues to the Trustee to be deposited into the Series 2026A Bonds Debt Service Fund for the periodic payment of principal and interest on the Series 2026A Bonds. If there is a deficiency in the Series 2026A Bonds Debt Service Fund one business day following any June 1 or December 1, the Trustee agrees to immediately notify the Township and the Authority and the Township shall be obligated under the 2026A Support Agreement to transfer the funds needed for such debt service payment to the Trustee no later than three business days following the receipt of such notice. The Township's obligations under the 2026A Support Agreement is absolute and unconditional and shall remain in full force and effect until such time where no Series 2026A Bonds are outstanding.

Pursuant to the 2026B Support Agreement, the Township represents that it will collect the golf course revenues and deposit the golf course revenues in a special fund. The Township agrees to make semi-annual distributions by each June 1 and December 1 of the golf course revenues to the Trustee to be deposited into the Series 2026B Bonds Debt Service Fund for the periodic payment of principal and interest on the Series 2026B Bonds. If there is a deficiency in the Series 2026B Bonds Debt Service Fund one business day following any June 1 or December 1, the Trustee agrees to immediately notify the Township and the Authority and the Township shall be obligated under the 2026A Support Agreement to transfer the funds needed for such debt service payment to the Trustee no later than three business days following the receipt of such notice. The Township's obligations under the 2026B Support Agreement is absolute and unconditional and shall remain in full force and effect until such time where no Series 2026B Bonds are outstanding.

For a statement of the estimated Assigned Receipts scheduled pursuant to the 2026A Support Agreement to be received by the Trustee for application under the Indenture see the right-hand column in the table under "LOWER SALFORD TOWNSHIP RECREATION AUTHORITY DEBT SERVICE SCHEDULE."

For a statement of the estimated Assigned Receipts scheduled pursuant to the 2026B Support Agreement to be received by the Trustee for application under the Indenture see the right-hand column in the table under "LOWER SALFORD TOWNSHIP RECREATION AUTHORITY DEBT SERVICE SCHEDULE."

Limited Obligations

THE BONDS ARE PAYABLE AS TO PRINCIPAL AND INTEREST FROM THE TRUST ESTATE, INCLUDING, WITH RESPECT TO THE SERIES 2026A BONDS, A PORTION OF THE TOWNSHIP'S EARNED INCOME TAX REVENUES PAYABLE TO THE TRUSTEE PURSUANT TO THE SERIES 2026A SUPPORT AGREEMENT AND, WITH RESPECT TO THE SERIES 2026B BONDS, FROM CERTAIN GOLF COURSE REVENUES PAYABLE TO THE TRUSTEE PURSUANT TO THE SERIES 2026B SUPPORT AGREEMENT. NEITHER THE CREDIT NOR THE TAXING POWER OF THE COUNTY OF MONTGOMERY, THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE TOWNSHIP TO THE EXTENT EVIDENCED BY THE SUPPORT AGREEMENTS AND THE GUARANTY AGREEMENT) IS PLEDGED FOR THE PAYMENT OF THE BONDS; THE TOWNSHIP HAS UNCONDITIONALLY GUARANTEED THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS UNDER A GUARANTY AGREEMENT. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

The Authority may, from time to time, issue Additional Bonds on a parity with the Bonds for the purpose of constructing additions to or improvements of the Golf Course, completing various and sundry capital projects and/or refunding prior bonds of the Authority. If Additional Bonds are issued, the Indenture requires, among other things, that the Authority execute a supplement to the respective Support Agreement with the Township requiring the payment, among other things, of additional revenues sufficient to provide for the debt service on any of said Additional Bonds. The Indenture imposes a number of other specific conditions upon the issuance of Additional Bonds.

TOWNSHIP GUARANTY

The Bonds are being issued with a guaranty of payment of principal and interest, when due, by the Township. The specific provisions of the guaranty are set forth the Guaranty Agreement. Under the Guaranty, the Township unconditionally guarantees for the benefit of the holders from time to time of the Bonds outstanding under and as defined in the Indenture, the following:

(a) the full and prompt payment of the principal or redemption price of every Bond when and as the same shall become due whether at the stated maturity thereof, by acceleration, at call for redemption or otherwise;

(b) the full and prompt payment of any interest on every Bond when and as the same shall have become due.

In order to insure performance of the above guaranty, the Township covenants with the holders from time to time of the Bonds outstanding that the Township shall include the amount of debt service and the amounts payable in respect of the Support Agreements for each fiscal year in which such sums are reasonably expected to be payable in its budget for that year, and in the event the Authority shall fail to pay debt service on the Bonds when due, shall appropriate such amount to the payment of such debt service, and duly and punctually pay or cause to be paid the principal and interest on every Bond at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Township pledges its full faith, credit and taxing power.

The Bonds do not pledge the credit or taxing power and are not obligations of the Commonwealth of Pennsylvania or any political subdivision thereof, except for the Township under the terms of the Guaranty to the extent principal and/or interest on the Bonds is guaranteed by the Township.

DESCRIPTION OF THE LOWER SALFORD TOWNSHIP RECREATION AUTHORITY

Lederach Golf Club

The Lower Salford Township Recreation Authority (the "Authority") is the owner of the Golf Course, an 18-hole municipal golf course facility located at 900 Clubhouse Drive in Harleysville, Lower Salford Township, Montgomery County, Pennsylvania. The Golf Course's acreage incorporates preserved open space, local woodlands, and environmentally sensitive wetlands into its layout. The Authority's mandate extends beyond the stewardship of the Golf Course. Consistent with its mission to enhance recreational programming and preserve open space throughout Lower Salford Township, the Authority is actively evaluating opportunities to develop and manage additional open space, community recreation facilities and amenities. These initiatives may include, but are not limited to, multi-use trail networks, athletic fields, passive recreation areas, nature preserves, and other community-serving infrastructure situated on Township-owned or controlled or Authority-owned or controlled properties. As opportunities arise, the Authority intends to leverage its experience in facility development, capital planning, and operational management to broaden recreational access for Township residents, generate supplemental revenue streams to support the Authority's long-term financial obligations, and further the permanent preservation of open space, together with the Township. Any such expansions will be subject to review and approval by the Authority Board, in cooperation with the Township, and, where applicable, relevant municipal and regulatory authorities.

The Authority is the owner of and oversees the capital infrastructure, financial operations, and asset management of the Golf Course, including the golf course itself, practice facilities, and the clubhouse pavilion. The 18-hole championship golf course was designed by Kelly Blake Moran Golf Course Architects and opened for public play in 2006. The facility was constructed to provide recreational opportunities for residents while permanently preserving contiguous open space areas from residential subdivision.

The Golf Course features an 18-hole championship golf course layout, an expansive practice facility, a driving range, a short-game chipping area, and a putting green. Golf Course infrastructure includes a fully integrated regional irrigation system drawing from on-site retention basins, and a network of structural golf cart bridges traversing local tributaries. Capital tracking and turf management operations, including routine greens aerification, pump station maintenance, and bridge structural renewals, are budgeted annually under the Authority's capital improvement plan.

The clubhouse features a full-service pro-shop, administrative offices, locker rooms, and an integrated restaurant and banquet operation known as Leddy's Pub (the "Restaurant"). Leddy's Pub contains a commercial kitchen, an indoor dining room and bar area, and an adjacent outdoor covered pavilion designed to host tournament banquets, outings, and community events. The Restaurant operates under a valid Pennsylvania Liquor Control Board (PLCB) liquor license owned by the Authority.

Daily operations, golf professional services, tournament logistics, and the food and beverage management of Leddy's Pub are executed via a third-party management agreement with GreatLife Golf (the "Manager"). Under the terms of the management agreement, the Manager handles routine personnel staffing, dynamic green fee pricing structures, pro shop merchandising, and everyday marketing operations, while reporting monthly operating statements, rounds-played data, and earnings before interest, taxes, depreciation, and amortization ("EBITDA") directly to the Authority Board.

The Authority is responsible for funding long-term capital expenditures and debt service obligations related to the construction and subsequent expansions of the facility. Operating revenues generated from daily public green fees, cart rentals, annual Practice Development Program ("PDP") memberships, tournament fees, and Restaurant concessions at Leddy's Pub are utilized to offset operational expenses, with net operating revenues pledged toward the satisfaction of the Authority's outstanding debt obligations. See "SECURITY FOR THE BONDS" herein.

Open Space and Community Recreation Initiatives

In addition to its stewardship of the Golf Course, the Authority's mandate has expanded to serve as a broader public financing and development vehicle for open space preservation and community recreation initiatives throughout Lower Salford Township. While the Authority was originally incorporated in 2004 for the singular purpose of acquiring and constructing the Golf Course, the Authority now actively evaluates and pursues opportunities to acquire, develop, improve, and manage additional Township recreational assets and open space properties, in cooperation with the Township.

These initiatives may include, but are not limited to, the acquisition of undeveloped parcels for permanent preservation, the development of passive and active recreational amenities on Township-owned or controlled or Authority-owned or controlled properties, and the financing of capital improvements to community-serving infrastructure situated on such lands. The Authority intends to leverage its experience in municipal facility development, capital planning, and operational oversight to advance the long-term recreational and environmental goals of the Township.

Any such projects undertaken by the Authority are subject to review and approval by the Authority Board, in cooperation with the Township, and, where applicable, relevant municipal and regulatory authorities, and will be structured in a manner consistent with the Authority's existing financial obligations and the interests of Township residents.

Consistent with the Township's history of commitment to providing, protecting and preserving open space and community recreation areas to enhance the quality of life for residents, the Board of Supervisors authorized a referendum to be placed on the May 19, 2026 primary election ballot that asked the electorate whether it was in favor of the imposition of an additional earned income tax in the amount of one quarter of one percent (0.25%) for the purpose of acquiring open space interests in accordance with Pennsylvania's Open Space Lands Acquisition and Preservation Act, 32 P.S. §§ 5001 et seq. (the "Open Space Act"). The acquisition of an approximately 62-acre portion of farmland known as "the Allebach property" was the primary focus of the referendum; however, the total revenues anticipated from a successful referendum should be available for additional open space preservation uses beyond the Allebach property, all in accordance with the Open Space Act. The Allebach property is a highly visible, historic, and scenic property bounded by Main Street, Quarry Road, and Stover Road, and preserving all or a portion of the property had been a point of community interest for many years.

According to results posted by Montgomery County Board of Elections, the referendum was overwhelmingly approved by Lower Salford voters with 3,150 "Yes" votes and 686 "No" votes.

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LOWER SALFORD TOWNSHIP
GOLF COURSE ENTERPRISE FUND
STATEMENT OF NET POSITION

	2021	2022	2023	2024	2025
ASSETS					
Cash and Cash Equivalents	$946,393	$620,117	$550,086	$672,415	$597,674
Inventory	46,102	98,692	77,264	55,710	66,051
Accounts Receivable	0	12,770	7,293	0	0
Prepaid Expenses	0	0	0	26,750	26,750
Capital Assets:					
Land	4,623,197	4,623,197	4,623,197	4,623,197	4,623,197
Buildings & Improvements	2,848,504	2,848,504	2,848,504	2,848,504	2,848,504
Furniture & Fixtures	45,245	54,997	54,997	54,997	95,949
Golf Course	8,044,375	8,068,485	8,075,247	8,108,711	8,169,239
Machinery & Equipment	4,049,368	3,620,421	3,700,230	3,799,453	3,829,588
Accumulated Depreciation	(11,737,764)	(12,130,209)	(12,672,337)	(12,878,506)	(13,071,295)
Leased Assets:					
Right to Use Asset	0	504,265	601,572	615,839	547,022
Less Accumulated Amortization	0	(96,788)	(196,214)	(307,982)	(379,789)
TOTAL ASSETS	$8,865,420	$8,224,451	$7,669,839	$7,619,088	$7,352,890
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding of Debt	$116,490	$99,468	$82,446	$65,424	$48,402
LIABILITIES					
Accounts Payable	$36,053	$92,462	$58,911	$73,558	$117,306
Accrued Payroll	16,220	11,972	0	341	5,078
Unearned Revenues	123,677	120,384	128,099	135,623	135,748
Due to Other Funds	21,307	0	0	650	0
Notes Payable - Current	735,000	884,000	1,196,000	1,206,000	1,224,000
Capital Leases - Current	101,127	120,768	113,963	120,708	85,145
Noncurrent Liabilities:					
Portion Due or Payable in More Than One Year:					
Discount on Bonds/Notes Payable - Net	(6,035)	(5,173)	(4,311)	(3,449)	(2,587)
Premium on Bonds/Notes Payable - Net	18,491	15,410	12,329	9,248	6,167
Notes Payable	5,916,000	5,032,000	3,836,000	2,630,000	1,406,000
Capital Leases	152,681	176,260	315,985	268,336	159,579
TOTAL LIABILITIES	$7,114,521	$6,448,083	$5,656,976	$4,441,015	$3,136,436
NET POSITION AT END OF YEAR	$1,867,389	$1,875,836	$2,095,309	$3,243,497	$4,264,856

Source: Township Audited Financial Statements.

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LOWER SALFORD TOWNSHIP
GOLF COURSE ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENDITURES & CHANGE IN NET POSITION

	2021	2022	2023	2024	2025
OPERATING REVENUE					
Charges for Services	$2,241,781	$2,213,729	$2,487,457	$2,547,078	$2,485,246
TOTAL REVENUES	$2,241,781	$2,213,729	$2,487,457	$2,547,078	$2,485,246
OPERATING EXPENDITURES					
Food & Beverage	$237,202	$254,898	$291,272	$311,500	$293,909
General & Administrative	197,759	187,903	220,101	211,835	228,836
Golf Operations	304,103	246,318	269,813	277,681	298,516
Marketing	1,349	2,690	2,765	3,273	1,753
Pro Shop	26,370	42,332	55,337	46,413	36,591
Repairs & Maintenance	2,152	59,997	62,371	68,721	62,367
Salaries & Benefits	669,139	716,879	794,859	820,618	882,131
Depreciation	637,368	535,356	542,128	206,168	192,789
Amortization	14,803	111,591	164,701	154,361	127,900
TOTAL OPERATING EXPENDITURES	$2,090,245	$2,157,964	$2,403,347	$2,100,570	$2,124,792
OPERATING INCOME	$151,536	$55,765	$84,110	$446,508	$360,454
OTHER REVENUES (EXPENDITURES)					
Interest Income	$133	$35	$8,517	$16,660	$16,046
Interest Expense	(123,845)	(100,294)	(95,104)	(99,423)	(72,886)
Gain/(Loss) on Disposal of Assets	0	0	(117,768)	(32,423)	49,178
Operating Transfer Out	0	0	(65,000)	0	(125,000)
Operating Transfer In	59,985	52,941	404,718	816,866	793,567
TOTAL OTHER REVENUES (EXPENDITURES)	($63,727)	($47,318)	$135,363	$701,680	$660,905
CHANGE IN NET POSITION	$87,809	$8,447	$219,473	$1,148,188	$1,021,359
NET POSITION AT THE BEGINNING OF YEAR	$1,779,580	$1,867,389	$1,875,836	$2,095,309	$3,243,497
NET POSITION AT END OF YEAR	$1,867,389	$1,875,836	$2,095,309	$3,243,497	$4,264,856

Source: Township Audited Financial Statements.

LOWER SALFORD TOWNSHIP
2026 BUDGETED GOLF COURSE ENTERPRISE FUND
REVENUES AND EXPENDITURES

	Budgeted 2026
REVENUES	
Course Operations Revenue	$1,813,430
Merchandise Revenue, Net	23,481
Food & Beverage Revenue, Net	283,100
Other Revenue	190,189
TOTAL REVENUES	$2,310,200
EXPENDITURES	
Labor	$898,709
Operating Expenses	590,216
Cost of Sales (Merchandise & Food/Beverage)	231,059
Depreciation, Interest & Other Non-Operating Expenses	96,638
Benefits (included in Labor above)	0
TOTAL EXPENDITURES	$1,816,622

Source: Authority Golf Course budget, provided by GreatLife Golf.

Debt Service Schedule

LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
DEBT SERVICE SCHEDULE

The following table shows the annual debt service of the Authority including the issuance of the Bonds.

Fiscal Year Ending December 31,	Existing Authority Debt Service	Series A of 2026			Series B of 2026			Total Authority Debt Service
		Principal	Interest	Subtotal	Principal	Interest	Subtotal	
2027	$0							
2028	0							
2029	0							
2030	0							
2031	0							
2032	0							
2033	0							
2034	0							
2035	0							
2036	0							
2037	0							
2038	0							
2039	0							
2040	0							
2041	0							
2042	0							
2043	0							
2044	0							
2045	0							
2046	0							
2047	0							
2048	0							
2049	0							
2050	0							
2051	0							
2052	0							
2053	0							
2054	0							
2055	0							
2056	0							
Totals	$0							

*Totals may not add due to rounding.

FUTURE FINANCING OF THE AUTHORITY

The Authority does not anticipate issuing additional long-term debt within the next 1-3 years.

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CYBER SECURITY

The Authority and the Township, like other public and private entities, rely on computer and other digital networks and systems to conduct their operations. As recipients and providers of personal, private or other electronic sensitive information, the Authority or the Township may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Authority or the Township's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The Authority or the Township have never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the Authority and Township's current efforts to manage cyber threats and security will, in all cases, be successful. The Authority and Township cannot predict what future cyber security events may occur and what impact said events could have on their operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the Authority and Township also maintain a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

TAX EXEMPTION

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal alternative minimum taxes on individuals.

Original Issue Discount

The Bonds that mature on ___________ and on __________ (collectively, the "Tax-Exempt Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Original Issue Premium

The Bonds that mature on ___________ and on __________ (collectively, the "Tax-Exempt Premium Bonds") are being offered and sold to the public at an original issue premium ("OIP"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization decreases the purchaser's basis in such Tax-Exempt Premium Bond resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The Authority has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, which are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see "Continuing Disclosure Undertaking" herein), the Authority may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may result in other collateral effects on a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

Examples of tax consequences for certain taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as "qualified tax-exempt obligations").

Change in Law; Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

LITIGATION

There is no material litigation of any nature pending or threatened against the Authority at the date of this Preliminary Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, the Support Agreements or the Guaranty Agreement or in any way contesting or affecting the validity of the Bonds, the Support Agreements or the Guaranty Agreement or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the Authority and Township (both being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") substantially in the form attached hereto as Appendix E.

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

The Authority and Township are required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the Authority or the Township, respectively). The Authority and Township may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Undertaking.

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

The Authority and Township's obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the Authority or Township are no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

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 defined "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 Authority and Township have not been subject to the Rule during the past five years.

The Authority and Township have reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters pertaining to the authorization and issuance of the Bonds will be passed upon by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain other legal matters pertaining to the Authority will be passed upon by its counsel Wisler Pearlstine, LLP, Blue Bell, Pennsylvania, and for the Underwriter by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Limited Scope Underwriter's Counsel.

TRUSTEE

Pursuant to the provisions of the Indenture, as trustee and sinking fund depository, the Trustee or its designee has the duty of receiving payments from the Authority, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, and interest on, and redemption premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Trustee or its designee has the duty of handling the registration and transfer of the Bonds. Additionally, the Trustee performs duties involving the exercise of discretion and assumes a fiduciary relationship with the owners of the Bonds.

The Trustee has relied upon the Opinion of Bond Counsel as to both the validity and tax-exempt status of the interest on the Bonds and other matters. The Trustee does not make any representations as to the matters contained in said Opinion of Bond Counsel not as to either the creditworthiness of the Authority or the nature or extent of the security for the Bonds.

RATING

Moody's Ratings has assigned an underlying rating of "Aa2" to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the Authority at a purchase price of $_____________ (representing the par amount of the Bonds of $____________ , [plus/less] an original issue [premium/discount] of $_____________ less an underwriting discount of $_________). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its 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 its 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 respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its 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 Authority. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

MUNICIPAL ADVISOR

The Authority has retained PFM Financial Advisors LLC, Malvern, Pennsylvania, as municipal advisor (the "Municipal Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

So far as any statements made in this Preliminary Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Preliminary Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

The execution and delivery of this Preliminary Official Statement has been duly authorized by the Authority and Township.

LOWER SALFORD TOWNSHIP RECREATION AUTHORITY
(MONTGOMERY COUNTY, PENNSYLVANIA)

By: ____
Chairman of the Authority Board

LOWER SALFORD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

By: ____
Chairman, Board of Supervisors

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APPENDIX A

DESCRIPTION AND ECONOMICS OF LOWER SALFORD TOWNSHIP

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THE TOWNSHIP

Description

Lower Salford Township is a township of the second class governed by the Second-Class Township Code of the Commonwealth of Pennsylvania.

The Township is governed by a Board of Supervisors (the "Supervisors"). There are five Supervisors elected for six year staggered terms. The size of the Board of Supervisors was increased to five members from three members with the change taking effect in 1996. As the governing body, the Board of Supervisors is responsible for establishing policy, appointing boards and commissions, and enacting ordinances. The daily operations of the Township are administered by the Township Manager.

The major services provided by the Township include public safety, public works, building inspection, parks and recreation, and general administration. The Township has 48 full-time and 7 part-time employees.

TOWNSHIP FINANCES

Financial Reporting

The financial statements of the Township are prepared in accordance with the generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township, which has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, has not elected to do so. The Township's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The independent auditing firm of Maillie, LLP, Certified Public Accountants, serves as Township Auditor.

Financial History

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

TABLE A-1
SUMMARY OF FINANCIAL FACTORS

Decennial Census Population:	
2020	15,896
2010	14,959
2000	12,893
Property Assessment:	
2025 Market Valuation of Real Property	$2,156,904,492
2025 Assessed Valuation of Real Property	$1,176,539,324
Ratio of Assessed to Market Valuation	54.55%
2025 Market Valuation Per Capita (2020 Decennial Census)	$135,689
2025 Assessed Valuation Per Capita (2020 Decennial Census)	$74,015

Source: U.S. Census Bureau and PA State Tax Equalization Board.

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TABLE A-2
LOWER SALFORD TOWNSHIP
GENERAL FUND BALANCE SHEET
(January 1-December 31)

	2021	2022	2023	2024	2025
ASSETS					
Cash and Cash Equivalents	$1,711,324	$2,616,304	$3,328,141	$2,846,710	$2,163,285
Investments	372,922	351,705	369,552	388,749	449,195
Accounts Receivable	112,350	165,881	175,668	238,520	179,415
Lease Receivable	0	373,897	345,252	313,295	277,785
Taxes Receivable - Net	51,564	117,951	48,014	73,324	71,452
Due from Other Funds	0	47,500	250,000	140,000	70,000
Prepaid Expenses	24,743	0	25,792	27,116	33,473
TOTAL ASSETS	$2,272,903	$3,673,238	$4,542,419	$4,027,714	$3,244,605
LIABILITIES					
Accounts Payable & Accrued Expenses	$134,597	$150,486	$103,299	$230,719	$216,122
Payroll & Withholding Taxes Payable	93,532	92,964	99,196	163,128	203,288
Unearned Revenue	55,201	0	0	0	0
TOTAL LIABILITIES	$283,330	$243,450	$202,495	$393,847	$419,410
DEFERRED INFLOWS OF RESOURCES	$385	$358,333	$316,391	$274,849	$235,115
FUND BALANCE					
Nonspendable	$24,743	$0	$25,792	$27,116	$33,473
Restricted	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	1,964,445	3,071,455	3,997,741	3,331,902	2,556,607
TOTAL FUND BALANCES	$1,989,188	$3,071,455	$4,023,533	$3,359,018	$2,590,080
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$2,272,903	$3,673,238	$4,542,419	$4,027,714	$3,244,605

Source: Township Audited Financial Statements.

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TABLE A-3
LOWER SALFORD TOWNSHIP
GENERAL FUND STATEMENT OF REVENUES AND EXPENDITURES
(January 1-December 31)

	2021	2022	2023	2024	2025
REVENUES					
Act 511 Taxes (Earned Income Tax & Local Services Tax)	$4,317,522	$4,647,480	$4,797,331	$5,027,438	$5,194,334[1]
Real Estate Taxes - Net	2,300,651	2,331,040	2,342,999	2,317,505	2,342,742
Real Estate Transfer Taxes - Net	657,356	962,296	619,416	586,536	503,335
Franchise Fees	299,573	293,611	281,458	260,195	243,977
Licenses & Permits	332,023	616,395	762,661	416,801	301,141
Fees & Fines	24,563	18,918	24,193	28,828	28,120
Interest Income	23,894	39,286	96,376	157,441	143,313
Lease/Rental Income	69,993	69,585	85,465	79,663	62,502
Intergovernmental Revenues	910,031	1,277,900	1,133,649	655,540	638,681
Charges for Service	18,187	19,441	37,463	109,703	15,776
Miscellaneous Revenue	247,432	113,813	46,764	81,283	58,964
TOTAL REVENUES	$9,201,225	$10,389,765	$10,227,775	$9,720,933	$9,532,885
EXPENDITURES					
General Government	$1,522,015	$1,577,228	$1,606,169	$1,798,434	$1,820,550
Public Safety:					
Police	4,177,562	4,415,565	4,353,177	4,665,512	4,779,427
Other	402,920	439,032	535,406	730,124	526,869
Public Works - Highways & Streets	1,300,499	1,429,123	1,508,763	1,894,179	2,014,570
Culture and Recreation	274,267	236,534	251,747	253,891	273,175
Miscellaneous Expenditures	1,131	0	0	0	0
Debt Service:					
Principal Retirement	466,000	454,000	328,800	46,000	46,000
Interest Paid	49,623	8,286	10,302	2,278	294,789
Issuance Costs	1,916	0	0	0	0
TOTAL EXPENDITURES	$8,195,933	$8,559,768	$8,594,364	$9,390,418	$9,755,380
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$1,005,292	$1,829,997	$1,633,411	$330,515	($222,495)
OTHER FINANCING SOURCES AND USES					
Transfers In	$129,000	$350,305	$159,870	$140,000	$393,019
Transfers Out	(428,735)	(1,158,746)	(954,718)	(1,156,866)	(943,567)
Refunding Bonds Issued	350,000	0	0	0	0
Bonds Issued	0	0	0	0	0
Payment to Currently Refund Bonds	(345,000)	0	0	0	0
Leases (as lessee)	0	18,050	0	0	0
Proceeds From Sale of Fixed Assets	7,100	42,661	113,515	21,836	4,105
TOTAL OTHER FINANCING SOURCES (USES)	($287,635)	($747,730)	($681,333)	($995,030)	($546,443)
NET CHANGE IN FUND BALANCES	$717,657	$1,082,267	$952,078	($664,515)	($768,938)
BALANCE BEGINNING OF YEAR	$1,271,531	$1,989,188	$3,071,455	$4,023,533	$3,359,018
BALANCE END OF YEAR	$1,989,188	$3,071,455	$4,023,533	$3,359,018	$2,590,080

[1] Includes the Earned Income Tax which historically accounts for approximately 92% of the total Act 511 tax revenue. Starting in fiscal year 2027, the Earned Income Tax is estimated to generate an additional $2.4 million annually.
Source: Township Audited Financial Statements.

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TABLE A-4
LOWER SALFORD TOWNSHIP
2026 GENERAL FUND BUDGET
(January 1-December 31)

	Budget 2026
REVENUES	
Taxes	$7,937,937
Licenses and Permits	263,000
Fines and Forfeits	26,500
Interest, Rents & Royalties	196,050
Intergovernmental Revenue	576,029
Charges for Service	413,000
Other Financing Sources	1,049,363
TOTAL REVENUES	$10,461,879
EXPENDITURES	
General Government	$1,862,522
Public Safety	4,903,895
Highways, Roads & Streets	1,903,798
Debt Service	707,122
Miscellaneous Expenses	1,254,303
Other Financing Sources	1,534,346
TOTAL EXPENDITURES	$12,165,986

Source: Township Budget Report.

TAXING POWER OF THE TOWNSHIP

Maximum Allowable Township Real Property Taxes

The following summarizes total taxing power available to the Township under present law:

The Township may levy *ad valorem* taxes for general purposes on the assessed value of taxable real estate up to 14 mills (up to 5 mills additional with permission of the Court of Common Pleas for the County of Montgomery) and unlimited for the payment of any indebtedness incurred under the Act, including the Bonds, pursuant to the Guaranty Agreement. Other specific millages are permitted under the Second Class Township Code and under other laws for certain specific purposes as follows:

- An annual tax not exceeding 5 mills to light the highways, roads and other public places in the Township;
- An annual tax not exceeding 50% of the rate of assessment for the general Township tax to procure land and erect public buildings thereon and for the payment of indebtedness incurred in connection therewith;
- An annual tax not exceeding 3 mills to purchase and maintain fire apparatus and fire house, etc. (higher than 3 mills with consent of electorate);
- An annual tax not exceeding 2 mills to establish and maintain fire hydrant water service;
- A tax to acquire, maintain and operate parks, playgrounds, playfields, gymnasiums, swimming pools and recreation centers;
- An annual tax not to exceed 5 mills to create a revolving fund for permanent improvements to street, sidewalk, sewer and water facilities (project must be assessed and fund reimbursed, if expended);
- An annual tax not exceeding 2 mills for road equipment fund; and
- An annual tax of ½ mill for supporting ambulance and rescue squads serving the Township (higher with consent of electorate).

UNDER ACT OF DECEMBER 31, 1965, P.L. 1257, EFFECTIVE JANUARY 1, 1986 (THE LOCAL TAX ENABLING ACT), WHICH REPLACED AND REPEALED ACT 481 OF JUNE 25, 1947, P.L. 11134, ADDITIONAL TAXES MAY BE LEVIED (SUBJECT TO DIVISION

WITH OTHER POLITICAL SUBDIVISIONS AUTHORIZED TO LEVY SIMILAR TAXES ON THE SAME PERSON, SUBJECT, BUSINESS, TRANSACTION OR PRIVILEGE), SUBJECT TO THE FOLLOWING LIMITATIONS:

- Tax on Occupations: No rate limit set by the Local Tax Enabling Act if a millage or percentage of the assessed valuation of occupations is used as a base.
- Per Capita Tax $10.00
- Earned Income Tax 1%*
- Transfer of title of real property 1%
- Local Services Tax $52.00
- Admissions (except Motion Picture Theaters) 10%

* On May 19, 2026 the residents of the Township, through referendum, voted to approve a 0.25% increase in the Earned Income Tax to be used by the Township for open space benefits. See "TOWNSHIP FINANCES - Earned Income Tax" herein.

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

Earned Income Tax

All residents of the Township and nonresidents working in the Township are currently subject to a one percent (1.0%) tax on earned income and net profits (the "Earned Income Tax"). A portion of the Earned Income Tax (0.5%) is remitted to the Souderton Area School District (the "School District").

On May 19, 2026, through referendum, the voters of the Township approved a 0.25% increase in the Earned Income Tax to be used by the Township to raise revenue for the purposes of securing open space benefits, including, without limitation, the Allebach property. The Earned Income Tax increase will take effect on January 1, 2027, and brings the total rate of the Earned Income Tax to 1.25%.

A portion of the 0.25% incremental increase in the Earned Income Tax is pledged to support debt service payments for the 2026A Bonds under the Indenture and the Series 2026A Support Agreement. The Township estimates that it will receive $2.4 million annually with the institution of the 0.25% increase in the Earned Income Tax.

For further information regarding the Township's Open Space Initiatives, see "DESCRIPTION OF THE LOWER SALFORD TOWNSHIP RECREATION AUTHORITY - Open Space and Community Recreation Initiatives" herein.

Tax Levy Trends

The following tables A-5 and A-6 show the recent trend of tax rates levied by the Township and the comparative trend of real property tax rates for the Township, the School District, and the County.

TABLE A-5
LOWER SALFORD TOWNSHIP
TAX RATES

Fiscal Year Ending	Real Estate (mills)	Real Estate Transfer (%)	Earned Income Tax (%)	Local Services Tax ($)
12/31/2022	2.6890	0.50	0.50	52.00
12/31/2023	2.9590	0.50	0.50	52.00
12/31/2024	3.1390	0.50	0.50	52.00
12/31/2025	3.4590	0.50	0.50	52.00
12/31/2026[(1)]	3.5090	0.50	0.50	52.00

[(1)] The increase of 0.25% will take effect on January 1, 2027.
Source: PA Department of Community and Economic Development.

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TABLE A-6
LOWER SALFORD TOWNSHIP
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2022	2023	2024	2025	2026
Lower Salford Township	2.6890	2.9590	3.1390	3.4590	3.5090
Montgomery County	2.6950	2.6950	2.6950	2.6950	2.6950
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Souderton Area School District	31.4400	32.7290	34.4636	35.8249	37.3842

Source: PA Department of Community and Economic Development and Souderton Area School District PDE-2028 Budgets.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

TABLE A-7
LOWER SALFORD TOWNSHIP
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2021	$1,852,247,767	$1,132,463,634	61.14%
2022	1,953,174,048	1,138,517,144	58.29%
2023	1,973,956,469	1,154,950,954	58.51%
2024	2,144,115,588	1,172,008,424	54.66%
2025	2,156,904,492	1,176,539,324	54.55%

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

TABLE A-8
LOWER SALFORD TOWNSHIP
ASSESSMENT BY LAND USE

	2021	2022	2023	2024	2025
Residential	$919,143,413	$923,444,608	$934,200,248	$944,854,358	$951,996,538
Trailers	39,440	39,440	39,440	39,440	39,440
Lots	4,341,010	3,759,580	$3,651,810	3,098,380	3,072,870
Industrial	46,542,230	47,072,910	$48,293,660	54,305,380	54,609,770
Commercial	146,980,461	147,226,896	$153,900,116	154,716,516	152,006,116
Agriculture	14,261,050	14,229,330	$14,214,610	14,343,280	14,363,520
Land	1,156,030	2,744,380	$651,070	651,070	451,070
Total	$1,132,463,634	$1,138,517,144	$1,154,950,954	$1,172,008,424	$1,176,539,324

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

TABLE A-9
LOWER SALFORD TOWNSHIP
REAL PROPERTY TAX COLLECTION DATA

Year	Assessed Valuation	Amount of Levy	Current Year Collections	% Current Collections to Current Levy	Current and Delinquents Collected	% Current and Delinquent Collections to Current Levy
2021	$1,133,070,044	$2,304,664	$2,262,054	98.15%	$2,300,870	99.84%
2022	1,137,415,464	2,315,744	2,282,660	98.57%	2,331,608	100.69%
2023	1,152,596,834	2,344,382	2,329,563	99.37%	2,344,532	100.01%
2024	1,170,565,374	2,381,346	2,320,750	97.46%	2,337,616	98.16%
2025	1,175,015,844	2,393,081	2,333,718	97.52%	2,360,693	98.65%
2026[1]	1,180,108,274	2,400,340	2,285,852	95.23%	2,301,972	95.90%

[1] As of May 31, 2026.
Source: Township Officials.

The ten largest real property taxpayers, together with 2026 assessed values, are shown below. The aggregate assessed value of these ten taxpayers totals approximately 8.35 percent of total assessed value.

TABLE A-10
LOWER SALFORD TOWNSHIP
TEN LARGEST REAL PROPERTY TAXPAYERS, 2026

Name	2026 Assessed Valuation
Arbour Square LP / Care HSL Harleysville Propco LP(1)	$22,446,000
Almac Realty LLC	16,954,770
H&A Properties(2)	9,466,550
Mainland Pointe LP	9,121,350
Montgomery Woods Owner LLC	8,686,746
CIVF VI DEV-PA1M03 LLC	7,560,570
VV355 LLC	7,250,000
Village Square Realty Partners LP	6,762,500
AG Pheasant Run l.P	5,190,000
Wal-Mart Real Estate Business Trust(3)	4,831,370
Total	$98,269,856

(1) A pending appeal for tax year 2024 and subsequent tax years was filed and is docketed at Arbour Square LP v. Montgomery County Board of Assessment Appeals, Nos. 2023-26222 and 2023-26223.
(2) A pending appeal for tax year 2026 and subsequent tax years was filed and is docketed at H & A Properties LP v. Montgomery County Board of Assessment Appeals, et al., No. 2025-23495.
(3) A pending appeal for tax year 2024 and subsequent tax years was filed and is docketed at Wal-Mart Real Estate Business Trust v. Montgomery County Board of Assessment Appeals, No. 2023-26224.
Source: Township Officials.

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DEBT AND DEBT LIMITS

Debt Statement

Table A-11 below shows the debt of the Lower Salford Township as of August 12, 2026 including the issuance of the Bonds.

TABLE A-11
LOWER SALFORD TOWNSHIP
STATEMENT OF INDEBTEDNESS*
(As of August 12, 2026)

	Outstanding
ELECTORAL DEBT	$0
NONELECTORAL DEBT - TOWNSHIP PORTION	
General Obligation Note, Series of 2024 (last maturity 2033)	$7,440,000
General Obligation Note, Series B of 2021 (last maturity 2028)	91,000
TOTAL NONELECTORAL DEBT - TOWNSHIP PORTION	$7,531,000
NONELECTORAL DEBT - GOLF COURSE PORTION	
General Obligation Note, Series B of 2021 (last maturity 2028)	$647,000
General Obligation Note, Series of 2020 (last maturity 2028)	504,000
General Obligation Note, Series B of 2002 (last maturity 2027)	255,000
NONELECTORAL DEBT - GOLF COURSE PORTION	$1,406,000
LEASE RENTAL DEBT	
Guaranteed Revenue Bonds, Series A of 2026 (last maturity 2056)	$21,285,000*
Guaranteed Revenue Bonds, Series B of 2026 (last maturity 2046)	970,000*
TOTAL LEASE RENTAL DEBT	$22,255,000
TOTAL DIRECT DEBT	$31,192,000*
OVERLAPPING DEBT	
Souderton Area School District (1)	$59,498,989
Montgomery County (2)	14,132,026
TOTAL OVERLAPPING DEBT	$73,630,736
TOTAL DIRECT AND OVERLAPPING DEBT	$104,822,736*

*Includes the estimated Bonds offered through this Preliminary Official Statement.
(1) Township's proportional share (40.25%) of the $147,835,080 general obligation debt of Souderton Area School District.
(2) Township's proportional share (1.87%) of the $754,460,896 general obligation debt of Montgomery County.

Future Financing of the Township

The Township plans to issue at least an additional $20 million in long-term debt over the next 1-3 years for the acquisition of property and renovation to existing buildings throughout the Township.

Debt Ratios

Debt Ratios	Tax Supported Direct	Tax Supported Direct & Overlapping
Per Capita (2020 population 15,896)	$1,962	$6,594
Percent 2025 Assessed Value ($1,176,539,324)	2.65%	8.91%
Percent 2025 Market Value ($2,156,904,492)	1.45%	4.86%

Types of Indebtedness under the Debt Act

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

Debt Limit and Remaining Borrowing Capacity

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

	2023	2024	2025
Total Revenues and Other Financing Sources	$15,308,288	$14,708,306	$16,279,758
Deduct Excludable Items:			
1. State and Federal subsidies and reimbursements related to a particular project financed by debt.	-	-	-
2. Revenues, receipts and assessments, etc. pledged for self-liquidating debt.	-	-	-
3. Interest on sinking funds.	-	-	-
4. Grants and Gift-in-Aid	-	-	-
5. Nonrecurring receipts	113,515	21,836	4,105
Total Excludable Items	$113,515	$21,836	$4,105
Total Revenues as defined in Act	$15,194,773	$14,686,470	$16,275,653
Total Revenues for the three-year period ending 12/31/25			$46,156,896
Borrowing Base			$15,385,632

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

A. Non-electoral Debt (includes the Bonds)	
1. Computation of Non-electoral Borrowing Capacity	
a. Debt Limitations – 250% of Borrowing Base	$38,464,080
b. Less: Outstanding Net Non-electoral Debt	8,937,000
c. Remaining Non-Electoral Borrowing Capacity	$29,527,080
B. Lease Rental Debt*	
1. Computation of Lease Rental Debt	
a. Outstanding Principal	$22,255,000
b. Less: Deductions (Qualified as Self-liquidating)	0
c. Net Lease Rental Debt	$22,255,000
2. Computation of Lease Rental and Non-electoral Borrowing Capacity*	
a. Debt Limitation – 350% of Borrowing Base	$53,849,712
b. Less: Outstanding Lease Rental and Net Non-electoral Debt	31,192,000
c. Remaining Lease Rental and Non-electoral Borrowing Capacity	$22,657,712

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

LABOR RELATIONS

There are 48 full-time employees and 7 part-time employees of the Township.

The police officers of the Township are represented by the Police Bargaining Unit, whose collective bargaining contract expires on December 31, 2026. Negotiations are underway and have been cordial and productive. The Township anticipates an updated contract will be ready for Board approval by the end of the fiscal year.

The Township has consistently maintained a harmonious relationship with its employees.

Pension Program

The Township maintains three pension plans for its employees: the Police Pension Plan, the Township and Authority Pension Plan, and the Non-Uniformed Employees Defined Contribution Pension Plan.

The Police Pension Plan is a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers of the Township. The Plan is governed by a ten-member Pension Board responsible for managing, investing and monitoring the Police Pension Fund. At December 31, 2025, the Plan's total pension liability was $16,058,073, which was more than fully offset by the Plan's fiduciary net position, resulting in a net pension asset of $1,603,746 and a funded ratio of approximately 109.99%.

The Township and Authority Pension Plan is a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of the Township or the Lower Salford Township Authority. The Plan is governed by a ten-member Pension Board responsible for managing, investing and monitoring the Township and Authority Pension Fund. At December 31, 2025, the Plan's total pension liability was $7,670,183, which was more than fully offset by the Plan's fiduciary net position of $8,772,831, resulting in a net pension asset of $1,102,648 and a funded ratio of approximately 114.38%. For the year ended December 31, 2025, the annual money-weighted rate of return on Plan investments, net of investment expense, was 12.8%.

In addition, the Township has established the Lower Salford Township and Authority Non-Uniformed Employees Defined Contribution Pension Plan, a single-employer defined contribution plan under Section 401(a) of the Internal Revenue Code, which provides pension benefits for full-time, non-uniformed employees whose customary employment is 35 or more hours per week. The Township contributes 5% of each participating employee's gross wages to the Plan. The Township made contributions of $53,929 to the Plan in 2025.

Other Post-Retirement Benefit Plan (OPEB)

In addition to the pension benefits described above, the Township administers the Police Postretirement Healthcare Plan, a single-employer defined benefit healthcare plan that provides medical, prescription drug and vision benefits to eligible retired police officers and their spouses through the Delaware Valley Health Insurance Trust until Medicare eligibility. The Police Postretirement Healthcare Plan is unfunded, with no assets accumulated in a trust, and the Township finances benefits on a pay-as-you-go basis. The Township and retired participants each contribute 50% of the applicable premiums.

At January 1, 2025, the Police Postretirement Healthcare Plan's total OPEB liability was $1,994,961. For the year ended December 31, 2025, the Township made benefit payments of $70,724 under the Plan, and the Plan recognized OPEB expense of $109,956, determined in accordance with the requirements of Governmental Accounting Standards Board Statement No. 75.

Changes in the Total OPEB Liability

Balances as of January 1, 2024	$1,883,033
Service Cost	109,290
Interest Cost	78,160
Changes in Assumptions	(4,798)
Benefit Payments	(70,724)
Net Changes	$111,928
Balances as of January 1, 2025	$1,994,961

APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION
RELATING TO THE LOWER SALFORD TOWNSHIP

DEMOGRAPHIC & ECONOMIC CHARACTERISTICS

Population

The table below shows population comparisons between the Township, Montgomery County and Pennsylvania.

Municipality	2010	2020	Compound Average Annual Percentage Change
Lower Salford Township	14,959	15,896	0.61%
Montgomery County	799,874	856,553	0.69%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census, 2010-2020 – Decennial Census.

Age Composition

The table below shows age composition for residents of the Township, Montgomery County and Pennsylvania.

Municipality	0-17 Years	18-64 Years	65+ Years
Lower Salford Township	25.6%	56.7%	17.7%
Montgomery County	25.1%	53.7%	21.2%
Pennsylvania	24.7%	53.9%	21.4%

Source: U.S. Census, 2025 – American Community Survey ACS 5-Year Estimates.

Housing Characteristics

The table below shows the total housing units for the Township, Montgomery County and Pennsylvania.

Municipality	Total Housing Units	Percent Occupied	Percent Vacant
Lower Salford Township	6,330(1)	73.4%	26.6%
Montgomery County	355,529	71.4%	28.6%
Pennsylvania	5,882,221	69.3%	30.7%

(1) U.S. Census, 2024 – American Community Survey ACS 5-Year Estimates (most recent available data).

Source: U.S. Census, 2025 – American Community Survey ACS 5-Year Estimates.

Recent Trends in Per Capita Income*

The table below shows trends in per capita income for the Township, Montgomery County and Pennsylvania.

Municipality	2010	2020	Compound Average Annual Percentage Change
Lower Salford Township	$40,869	$57,463	3.47%
Montgomery County	38,792	49,905	2.55%
Pennsylvania	26,374	35,518	3.02%

Source: U.S. Census, 2010-2020 - American Community Survey ACS 5-Year Estimates .

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

Employment

Overall employment data are compiled for the County and the MSA.

The Table below shows the distribution of employment for the County and the MSA for May 2026.

DISTRIBUTION OF EMPLOYMENT
(Philadelphia PA-NJ-DE-MD Metropolitan Statistical Area – Montgomery-Bucks-Chester, PA Metropolitan Division)

	Industry Employment:				Net Change From:	
ESTABLISHMENT DATA	**May 2026**	**Apr 2026**	**Mar 2026**	**May 2025**	**Apr 2026**	**May 2025**
TOTAL NONFARM	1,144,000	1,136,500	1,123,900	1,141,600	7,500	2,400
TOTAL PRIVATE	1,055,400	1,047,600	1,035,400	1,053,800	7,800	1,600
GOODS-PRODUCTION	149,000	148,500	144,900	150,000	500	-1,000
Mining and Logging	58,900	58,500	55,500	59,900	400	-1,000
Manufacturing	90,100	90,000	89,400	90,100	100	0
Durable Goods	44,900	44,700	44,400	44,800	200	100
Non-Durable Goods	45,200	45,300	45,000	45,300	-100	-100
Chemical Manufacturer	20,300	20,200	20,300	20,400	100	-100
SERVICE-PROVIDING	995,000	988,000	979,000	991,600	7,000	3,400
PRIVATE SERVICE-PROVIDING	906,400	899,100	890,500	903,800	7,300	2,600
Trade, Transportation, and Utilities	202,000	201,100	200,800	202,600	900	-600
Wholesale Trade	58,900	58,700	58,400	58,500	200	400
Retail Trade	107,200	106,600	106,700	108,500	600	-1,300
General merchandise stores	17,500	17,500	17,500	17,700	0	-200
Transportation, Warehousing and Utilities	35,900	35,800	35,700	35,600	100	300
Information	23,400	23,500	23,400	23,900	-100	-500
Financial Activities	91,200	91,000	90,200	89,600	200	1,600
Finance and insurance	76,500	76,400	75,700	74,800	100	1,700
Credit Intermediation and Related Activities	17,500	17,500	17,500	17,300	0	200
Depository Credit Intermediation	10,300	10,200	10,200	10,200	100	100
Insurance carriers and related activities	28,700	28,500	28,500	28,900	200	-200
Real estate and rental and leasing	14,700	14,600	14,500	14,800	100	-100
Professional and Business Services	213,900	214,300	210,100	214,600	-400	-700
Professional and technical services	110,900	111,300	110,300	112,000	-400	-1,100
Management of companies and enterprises	31,100	31,300	30,600	31,700	-200	-600
Administrative and waste services	71,900	71,700	69,200	70,900	200	1,000
Educational and Health Services	230,700	229,900	229,400	226,900	800	3,800
Educational services	32,700	34,100	34,100	31,300	-1,400	1,400
Health care and social assistance	198,000	195,800	195,300	195,600	2,200	2,400
Ambulatory health care services	75,400	74,800	74,000	73,800	600	1,600
Hospitals	31,600	31,200	31,400	31,900	400	-300
Nursing and residential care facilities	36,600	36,100	36,100	36,500	500	100
Social assistance	54,400	53,700	53,800	53,400	700	1,000
Leisure and Hospitality	95,900	90,700	88,600	97,100	5,200	-1,200
Accommodation and food services	75,400	72,500	71,100	76,000	2,900	-600
Other Services	49,300	48,600	48,000	49,100	700	200
Government	88,600	88,900	88,500	87,800	-300	800
Federal Government	5,600	5,600	5,600	6,100	0	-500
State Government	10,600	11,000	10,900	10,700	-400	-100
Local Government	72,400	72,300	72,000	71,000	100	1,400
Local government educational services	50,800	51,200	51,100	49,900	-400	900
Local government excluding educational srvcs.	21,600	21,100	20,900	21,100	500	500

Data benchmarked to March 2025 ***Data changes of 100 may be due to rounding***

The table below shows the top employers in Montgomery County.

Merck Sharp & Dohme Corporation
Main Line Hospitals Inc
Abington Memorial Hospital
State Government
SEI Investments Company
Albert Einstein Medical Center
Lockheed Martin Corp
Giant Food Stores LLC
SmithKline Beecham Corporation
Montgomery County

Source: PA Department of Labor & Industry – Center for Workforce Information & Analysis – Q4 2025.

Recent Trends in Labor Force, Employment, and Unemployment

Recent trends in labor force, employment and unemployment for Montgomery County and the Commonwealth are shown in the table below.

	2021	2022	2023	2024	2025	2026[1]	Compound Average Annual % Rate[2]
Montgomery County							
Civilian Labor Force	460,200	467,800	473,600	475,400	473,200	484,900	0.70%
Employment	438,700	452,000	459,300	460,200	456,400	468,700	0.99%
Unemployment	21,500	15,700	14,300	15,200	16,800	16,200	-5.98%
Unemployment Rate	4.7%	3.4%	3.0%	3.2%	3.5%	3.3%	
Pennsylvania							
Civilian Labor Force	6,439,000	6,479,000	6,559,000	6,572,000	6,542,000	6,682,000	0.40%
Employment	6,059,000	6,209,000	6,318,000	6,321,000	6,262,000	6,419,000	0.83%
Unemployment	380,000	270,000	241,000	251,000	280,000	263,000	-7.35%
Unemployment Rate	5.9%	4.2%	3.7%	3.8%	4.3%	3.9%	

[1] As of May 2026.
[2] Compound Average Annual Percentage Change calculated from 2021-2025.
Source: PA Department of Labor & Industry – Center for Workforce Information & Analysis – LAUS.

Retail Sales

The following Table shows estimated retail sales over a recent five-year period for the County, the MSA, and the Commonwealth.

	2021	2022	2023	2024	2025
Montgomery County	$21,239,179,492	$22,982,660,509	$24,998,262,163	$24,801,544,496	$30,824,196,255
MSA	117,611,765,726	129,095,108,203	138,955,072,044	135,906,640,309	173,872,719,696
Pennsylvania	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, Inc.

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to the Lower Salford Township Recreation Authority (the "Authority") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its $[________] Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds"), and the $[________] Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds" and together with the Series 2026A Bonds, the "Bonds"), issued in fully registered form, denominated in $5,000.00, or any integral multiple thereof, dated and bearing interest from [________], 2026, maturing on various annual dates ending [________], 20[__], and subject to redemption at the option of the Authority beginning [________], 20[__].

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Municipality Authorities Act (53 Pa. C.S.A. §5601 et. seq), as amended (the "Act"); the Local Government Unit Debt Act (53 Pa. C.S.A. §8001 et. seq), as amended (the "Debt Act"); the Articles of Incorporation and related organizational documentation of the Authority (collectively, the "Charter"); the formal action of the Board of the Authority authorizing the incurrence of debt evidenced by the Bonds (the "Bond Resolution"); the formal action of the governing body of the Township of Lower Salford (the "Township") pursuant to the Debt Act (the "Ordinance"); the Guaranty Agreement entered into by and among the Authority, U.S. Bank Trust Company, National Association, as the trustee (the "Trustee") and the Township (the "Guaranty Agreement"); the Acknowledgment and Support Agreement with respect to the 2026A Bonds entered into by and among the Authority, the Township and the Trustee (the "2026A Support Agreement"); the Acknowledgment and Support Agreement with respect to the 2026B Bonds entered into by and among the Authority, the Township and the Trustee (the "2026AB Support Agreement" and together with the 2026A Support Agreement, the "Support Agreement"); the opinion of Wisler Pearlstine, LLP, solicitor to the Authority, upon which we have relied; the opinion of Wisler Pearlstine, LLP, solicitor to the Township, upon which we have relied; the Trust Indenture, dated as of September 1, 2026 (the "Indenture") from the Authority to the Trustee, providing for the issuance of, and security for, the Bonds; the Internal Revenue Code of 1986, as amended (the "Tax Code"); and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Tax Certificate of an authorized officer of the Authority, along with other closing certificates of the Authority and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Authority, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of the Trustee.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding revenue obligations of the Authority.

   (a) The Bonds are issued for a valid purpose within the authority of the Act and the Charter.

   (b) The Bond Resolution was duly and properly adopted and is in full force and effect.

   (c) The Ordinance was duly and properly enacted and is in full force and effect.

   (d) The Guaranty Agreement and the Support Agreement are each properly executed and delivered and are each a valid and binding obligation of the Authority and the Township, respectively.

   (e) The Bonds conform, in all substantial respects, to the form provided in the Indenture.

2. The Bonds are secured by the Pledged Revenues derived by the Authority and other moneys as may be available for such purpose under the Indenture and according to the terms of the Guaranty Agreement and the Support Agreement, all as described in the Indenture.

3. Payment of the Bonds is further secured by:

   (a) the Guaranty Agreement, pursuant to which the Township has pledged its full faith, credit and taxing power for payment of the debt service due in respect of the Bonds. The Township has further covenanted to budget and appropriate the full amount of the debt service due on the Bonds, subject to the terms and conditions of the Guaranty Agreement. The Township has received approval pursuant to the Debt Act for the lease rental indebtedness represented by the Guaranty Agreement.

   (b) the Support Agreement, pursuant to which the Township has pledged certain revenues for payment of the debt service due in respect of the Bonds.

4. The Bonds are payable and enforceable according to their own terms, those of the Indenture and all provisions of the Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable. The Bonds do not represent a debt or an obligation of the Commonwealth of Pennsylvania or any political subdivision thereof, except the Township pursuant to the Guaranty Agreement and the Support Agreement. The Authority has no taxing power.

5. The Bonds are authorized investments under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

6. The Bonds, having all the qualities and incidents of negotiable instruments under Article 8 of the Uniform Commercial Code, are negotiable instruments.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date of this opinion, interest (including, in the case of bonds sold at an original issue discount, the difference between the initial offering price and accrued value) on the Bonds is excludible from gross income for Federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no other opinion as to the federal tax consequences of purchasing, holding or selling the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

This opinion is rendered as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter be brought to our attention, or any changes in law that may hereafter arise.

Very truly yours,

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APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP

LOWER SALFORD TOWNSHIP

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2025

Maillie

ACCOUNTANTS • ADVISORS

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INTRODUCTORY SECTION

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LOWER SALFORD TOWNSHIP
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YEAR ENDED DECEMBER 31, 2025

FINANCIAL SECTION

Maillie
ACCOUNTANTS • ADVISORS

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

Independent Auditors' Report

To the Board of Supervisors
Lower Salford Township
Harleysville, Pennsylvania

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lower Salford Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lower Salford 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 Lower Salford 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.

To the Board of Supervisors
Lower Salford Township
Harleysville, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 6vii, budgetary comparison information on page 60, pension plan information on pages 61 through 66 and postemployment benefits other than pension information on page 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Salford Township's basic financial statements. The nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maillie LLP

Limerick, Pennsylvania
April 3, 2026

The discussion and analysis contained herein of Lower Salford Township's financial performance provides an overview of the Township's financial activities for the fiscal year ending December 31, 2025. This information needs to be read in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net position increased by $803,132 as a result of this year's operations. Net position of our governmental activities decreased by $218,227 and the net position of our business-type activities increased by $1,021,359.

In 2025, Lederach Golf Club program revenues decreased by $61,832 or 2.4% from the previous year. Total revenues decreased by 6.2% which was primarily due to the decrease in program revenues. Expenses were 3.8% lower than the previous year.

The General Fund reported a deficit of $768,938 this year compared to a deficit of $664,515 last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include an independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

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

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *statement of net position* focuses on resources available for future operations. This statement presents a view of the assets the Township owns, the liabilities it owes and the net difference.

- The *statement of activities* focuses on gross and net costs of Township programs and the extent to which programs rely on taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

- *Fund financial statements* focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are represented in their own columns, and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Fund represents the Lederach Golf Club and can be found in more detail beginning with the statement of net position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government, i.e., Employee Pension Funds. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.

- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information consisting of budgetary comparisons of the General Fund and pension plan funding progress is provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds is also provided.

REPORTING THE TOWNSHIP AS A WHOLE

The analysis of the Township as a whole begins with the statement of net position.

Is the Township as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps to answer this question. We divide the Township into two kinds of activities:

- ***Governmental Activities***: These are the Township's basic services and are reported in this category. They include general government, police, public works, code enforcement and parks and recreation. Real estate and EIT taxes, fees and charges and grants finance most of these activities.

- ***Proprietary Activities***: This category includes activities and services provided through the Lederach Golf Club. These activities are funded via user charges. The Lederach Golf Club is comprised of revenues and expenditures that relate to the golf club operated by the Township.

- ***Component Unit***: The Township includes a separate legal entity in its report, the Lower Salford Township Authority. Although legally separate, this component unit is important because the Township is financially accountable for it. Separate audited financial statements are issued and available for the Authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The following tables reflect the condensed statements of net position.

Table 1
Condensed Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	$ 14,328,869	$ 690,475	$ 15,019,344
Capital assets	18,705,129	6,662,415	25,367,544
TOTAL ASSETS	33,033,998	7,352,890	40,386,888
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	7,521	48,402	55,923
Deferred outflows of resources, pension and OPEB activity	367,425	-	367,425
TOTAL DEFERRED OUTFLOWS OF RESOURCES	374,946	48,402	423,348
LIABILITIES			
Current and other liabilities	441,170	258,132	699,302
Long-term liabilities	10,441,076	2,878,304	13,319,380
TOTAL LIABILITIES	10,882,246	3,136,436	14,018,682
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, leases	233,307	-	233,307
Deferred inflows of resources, pension and OPEB activity	2,887,899	-	2,887,899
TOTAL DEFERRED INFLOWS OF RESOURCES	3,121,206	-	3,121,206
NET POSITION			
Net investment in capital assets	13,312,803	3,832,513	17,145,316
Restricted	4,811,556	-	4,811,556
Unrestricted	1,281,133	432,343	1,713,476
TOTAL NET POSITION	$ 19,405,492	$ 4,264,856	$ 23,670,348

For more detailed information, see the statement of net position of the Township's basic financial statements.

Table 2
Condensed Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	$ 14,058,170	$ 754,225	$ 14,812,395
Capital assets	17,692,512	6,864,213	24,556,725
TOTAL ASSETS	31,750,682	7,618,438	39,369,120
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	11,283	65,424	76,707
Deferred outflows of resources, pension and OPEB activity	611,014	-	611,014
TOTAL DEFERRED OUTFLOWS OF RESOURCES	622,297	65,424	687,721
LIABILITIES			
Current and other liabilities	491,598	209,522	701,120
Long-term liabilities	10,463,993	4,230,843	14,694,836
TOTAL LIABILITIES	10,955,591	4,440,365	15,395,956
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, leases	274,849	-	274,849
Deferred inflows of resources, pension and OPEB activity	1,518,820	-	1,518,820
TOTAL DEFERRED INFLOWS OF RESOURCES	1,793,669	-	1,793,669
NET POSITION			
Net investment in capital assets	9,122,835	2,698,794	11,821,629
Restricted	2,663,787	-	2,663,787
Unrestricted	7,837,097	544,703	8,381,800
TOTAL NET POSITION	$ 19,623,719	$ 3,243,497	$ 22,867,216

Statement of Activities

The following tables reflect the revenues and expenses for the current period.

Table 3
Changes in Net Position
Year Ended December 31, 2025

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	$ 754,111	$ 2,485,246	$ 3,239,357
Operating grants and contributions	2,556,577	-	2,556,577
General revenues			
Taxes	9,675,314	-	9,675,314
Other	792,464	16,046	808,510
Transfers	(668,567)	668,567	-
TOTAL REVENUES	13,109,899	3,169,859	16,279,758
EXPENSES			
General government	2,185,504	-	2,185,504
Public safety			
Police	4,757,005	-	4,757,005
Other	1,539,921	-	1,539,921
Parks and recreation	945,848	-	945,848
Highways	3,579,030	-	3,579,030
Loss on sale of assets	4,488		4,488
Interest on long-term debt and leases	316,330	-	316,330
Golf course expenses	-	2,148,500	2,148,500
TOTAL EXPENSES	13,328,126	2,148,500	15,476,626
CHANGE IN NET POSITION	(218,227)	1,021,359	803,132
NET POSITION, BEGINNING OF YEAR	19,623,719	3,243,497	22,867,216
NET POSITION, END OF YEAR	$ 19,405,492	$ 4,264,856	$ 23,670,348

For more detailed information, see the statement of activities of the Township's basic financial statements.

Table 4
Changes in Net Position
Year Ended December 31, 2024

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	$ 1,141,151	$ 2,547,078	$ 3,688,229
Operating grants and contributions	1,439,617	-	1,439,617
General revenues			
Taxes	9,191,827	-	9,191,827
Other	371,973	16,660	388,633
Transfers	(816,866)	816,866	-
TOTAL REVENUES	11,327,702	3,380,604	14,708,306
EXPENSES			
General government	2,131,068	-	2,131,068
Public safety			
Police	4,926,246	-	4,926,246
Other	1,504,049	-	1,504,049
Parks and recreation	909,572	-	909,572
Highways	2,782,910	-	2,782,910
Interest on long-term debt and leases	100,820	-	100,820
Golf course expenses	-	2,232,416	2,232,416
TOTAL EXPENSES	12,354,665	2,232,416	14,587,081
CHANGE IN NET POSITION	(1,026,963)	1,148,188	121,225
NET POSITION, BEGINNING OF YEAR	20,650,682	2,095,309	22,745,991
NET POSITION, END OF YEAR	$ 19,623,719	$ 3,243,497	$ 22,867,216

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary adjustments and supplemental appropriations in 2025 were not material. Transfers and/or adjustments to the budget are made as a result of unanticipated expenditures and/or revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lower Salford Township's investment in capital assets for its governmental and proprietary activities as of December 31, 2025, totals $25,367,544. The Township's investment in capital assets includes automobiles, trucks, infrastructure improvements, machinery and equipment, and right to use leased assets.

Figure A-1
Capital Assets (Net of Depreciation/Amortization, in Thousands of Dollars)

	Governmental Activities	Business-Type Activities
Land	$ 5,054	$ 4,623
Construction in progress	16	-
Buildings and improvements	2,008	1,356
Golf course	-	315
Machinery and equipment	440	162
Vehicles	117	-
Infrastructure	10,625	-
Furniture and fixtures	1	39
Right to use leased equipment	295	167
Right to use leased vehicles	149	-
TOTAL	$ 18,705	$ 6,662

Capital assets of the Township are depreciated and amortized using the straight-line method. Additional information on the Township's capital assets can be found in notes to the basic financial statements.

Debt

At year-end 2025, the Township had $11,320,145 (see Figure A-2) in outstanding debt. The debt service due within one year is $1,650,054 which is a combination of governmental activities ($340,909) and business-type activities ($1,309,145) from the Long-Term Obligations footnote to the Township's basic financial statements.

Figure A-2
Outstanding Long-Term Debt

Notes payable	$ 10,329,000
Financed purchase obligations	$ 176,524
Lease liabilities	$ 814,621

ECONOMIC FACTORS IMPACTING FUTURE BUDGETS

The 2025 Township Budget adopted by the Board of Supervisors includes no tax increase for general government purposes. The Board's prudent management continues to maintain a General Fund cash balance in the Township. The budget again allows for a significant transfer to the Township's Capital Fund as well as significant contributions to the Harleysville Community Center, Freedom Valley Medical Rescue, and other civic organizations. The General Fund budget of $11.6 million is a 4.9% increase over the 2024 budget.

The Township continues to experience modest new home construction and commercial development; this along with the continued uptick in the housing market has helped increase the Township's overall real estate assessment and increases in the Real Estate Transfer revenue. Overall, revenue sources have increased or held steady over the past few years.

Implementation of stormwater treatment requirements for local municipalities as promulgated by the United States Environmental Protection Agency and the Pennsylvania Department of Environmental Resources have been delayed but remain a serious future cost concern. A more immediate concern is the discharge limits imposed by these same agencies for Indian Creek. Lower Salford Township, Franconia Township, Telford Borough, and their respective authorities have filed a formal appeal questioning the scientific methodology utilized in the establishment of these limits. The Township anticipates proceedings to begin at some point soon.

Over the last few years, the Township restructured much of its debt. This has leveled the payments over the life of the debt and has reduced the payoff date by nearly four (4) years. It is anticipated that the majority of the existing debt will be retired by the end of 2027.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. Questions about this report or requests for additional financial information can be directed to the Finance Department of Lower Salford Township, 379 Main Street, Harleysville, PA 19438-2309.

LOWER SALFORD TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Lower Salford Township Authority
ASSETS				
Cash and cash equivalents	$ 10,756,045	$ 597,674	$ 11,353,719	$ 1,024,777
Investments	449,195	-	449,195	9,038,069
Receivables	635,752	-	635,752	219,453
Taxes receivable	81,487	-	81,487	-
Inventories	-	66,051	66,051	-
Prepaid expenses	103,473	26,750	130,223	-
Capacity rights, net	-	-	-	258,344
Net pension asset	2,302,917	-	2,302,917	403,477
Capital assets				
Land	5,054,130	4,623,197	9,677,327	-
Construction in progress	15,967	-	15,967	-
Buildings and improvements, net	2,007,770	1,355,404	3,363,174	-
Golf course, net	-	315,156	315,156	-
Machinery and equipment, net	439,740	162,144	601,884	-
Vehicles, net	117,272	-	117,272	-
Infrastructure, net	10,625,351	-	10,625,351	-
Furniture and fixtures, net	1,400	39,281	40,681	-
Sewer system, net	-	-	-	25,581,892
Right to use leased equipment, net	294,819	167,233	462,052	-
Right to use leased vehicles, net	148,680	-	148,680	-
TOTAL ASSETS	33,033,998	7,352,890	40,386,888	36,526,012
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding of debt	7,521	48,402	55,923	-
Deferred outflows of resources, pension activity	55,780	-	55,780	32,190
Deferred outflows of resources, OPEB activity	311,645	-	311,645	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	374,946	48,402	423,348	32,190
LIABILITIES				
Accounts payable and accrued expenses	236,074	117,306	353,380	49,482
Payroll and withholding taxes payable	203,288	5,078	208,366	-
Unearned revenues	1,808	135,748	137,556	401,704
Long-term liabilities				
Portion due or payable within one year				
Notes payable	66,000	1,224,000	1,290,000	-
Financed purchase obligations	85,850	-	85,850	-
Lease liabilities	189,059	85,145	274,204	-
Portion due or payable after one year				
Notes payable	7,633,000	1,406,000	9,039,000	-
Note premiums	1,129	6,167	7,296	-
Note discounts, net	(435)	(2,587)	(3,022)	-
Financed purchase obligations	90,674	-	90,674	-
Lease liabilities	380,838	159,579	540,417	-
Total OPEB obligation	1,994,961	-	1,994,961	-
TOTAL LIABILITIES	10,882,246	3,136,436	14,018,682	451,186
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, pension activity	1,979,562	-	1,979,562	249,573
Deferred inflows of resources, OPEB activity	908,337	-	908,337	-
Deferred inflows of resources, leases	233,307	-	233,307	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,121,206	-	3,121,206	249,573
NET POSITION				
Net investment in capital assets	13,312,803	3,832,513	17,145,316	25,581,892
Restricted for:				
Pensions	2,302,917	-	2,302,917	403,477
Other governmental activities	2,508,639	-	2,508,639	-
Unrestricted	1,281,133	432,343	1,713,476	9,872,074
TOTAL NET POSITION	$ 19,405,492	$ 4,264,856	$ 23,670,348	$ 35,857,443

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 2,185,504	$ 349,988	$ 75,312	$ -
Public safety				
Police	4,757,005	28,120	412,033	-
Other	1,539,921	269,874	189,527	-
Parks and recreation	945,848	23,000	-	-
Highways	3,579,030	83,129	1,879,705	-
Loss on sale of assets	4,488	-	-	-
Interest on long-term debt and leases	316,330	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	13,328,126	754,111	2,556,577	-
BUSINESS-TYPE ACTIVITIES				
Golf course	2,148,500	2,485,246	-	-
TOTAL TOWNSHIP ACTIVITIES	$ 15,476,626	$ 3,239,357	$ 2,556,577	$ -
COMPONENT UNIT				
Lower Salford Township Authority	$ 4,284,104	$ 4,705,604	$ -	$ 65,002

GENERAL REVENUES
Taxes
Real estate taxes, net
Act 511 taxes
Real estate transfer tax
Earnings on investments
Intergovernmental revenues
Miscellaneous
TRANSFERS, net
TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
			Component Unit
Governmental Activities	Business-Type Activities	Totals	Lower Salford Township Authority
$ (1,760,204)	$ -	$ (1,760,204)	$ -
(4,316,852)	-	(4,316,852)	-
(1,080,520)	-	(1,080,520)	-
(922,848)	-	(922,848)	-
(1,616,196)	-	(1,616,196)	-
(4,488)	-	(4,488)	-
(316,330)	-	(316,330)	-
(10,017,438)	-	(10,017,438)	-
-	336,746	336,746	-
(10,017,438)	336,746	(9,680,692)	-
-	-	-	486,502
3,977,645	-	3,977,645	-
5,194,334	-	5,194,334	-
503,335	-	503,335	-
515,984	16,046	532,030	438,503
11,009	-	11,009	-
265,471	-	265,471	-
(668,567)	668,567	-	-
9,799,211	684,613	10,483,824	438,503
(218,227)	1,021,359	803,132	925,005
19,623,719	3,243,497	22,867,216	34,932,438
$ 19,405,492	$ 4,264,856	$ 23,670,348	$ 35,857,443

LOWER SALFORD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,163,285	$ 2,181,009	$ 6,046,896	$ 364,855	$ 10,756,045
Investments	449,195	-	-	-	449,195
Accounts receivable	179,415	-	178,552	-	357,967
Lease receivable	277,785	-	-	-	277,785
Taxes receivable, net	71,452	-	-	10,035	81,487
Due from other funds	70,000	-	-	-	70,000
Prepaid items	33,473	-	-	70,000	103,473
TOTAL ASSETS	$ 3,244,605	$ 2,181,009	$ 6,225,448	$ 444,890	$ 12,095,952
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	$ 216,122	$ -	$ 19,102	$ 850	$ 236,074
Payroll and withholding taxes payable	203,288	-	-	-	203,288
Due to other funds	-	-	-	70,000	70,000
TOTAL LIABILITIES	419,410	-	19,102	70,850	509,362
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	1,808	-	-	-	1,808
Lease activities	233,307	-	-	-	233,307
TOTAL DEFERRED INFLOWS OF RESOURCES	235,115	-	-	-	235,115
FUND BALANCES					
Nonspendable					
Prepaid items	33,473	-	-	70,000	103,473
Restricted					
Traffic improvements	-	2,181,009	-	-	2,181,009
Fire protection	-	-	-	112,010	112,010
Liquid fuels	-	-	-	168,048	168,048
Parks	-	-	-	3,071	3,071
Library	-	-	-	44,501	44,501
Capital projects	-	-	3,046,268	-	3,046,268
Assigned, capital outlay	-	-	3,160,078	-	3,160,078
Unassigned	2,556,607	-	-	(23,590)	2,533,017
TOTAL FUND BALANCES	2,590,080	2,181,009	6,206,346	374,040	11,351,475
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,244,605	$ 2,181,009	$ 6,225,448	$ 444,890	$ 12,095,952

See accompanying notes to the basic financial statements.

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

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 11,351,475
Under the requirements of GASB Statement No. 34, capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:	
Land	5,054,130
Construction in progress	15,967
Buildings and improvements, net of accumulated depreciation of $3,241,567	2,007,770
Machinery and equipment, net of accumulated depreciation of $1,624,879	439,740
Vehicles, net of accumulated depreciation of $1,704,673	117,272
Infrastructure, net of accumulated depreciation of $4,476,497	10,625,351
Furniture and fixtures, net of accumulated depreciation of $87,955	1,400
	18,261,630
Under the requirements of GASB Statements No. 87, right to use assets used in governmental activities are not current financial resources, and therefore are not reported in the fund. These assets consist of:	
Right to use leased equipment, net of accumulated amortization of $442,973	294,819
Right to use leased vehicles, net of accumulated amortization of $101,603	148,680
	443,499
The governmental funds do not report the net pension asset because it is not a current financial resource; however, it is recognized in the statement of net position under full accrual accounting.	2,302,917
Deferred losses on advance refundings of debt are treated as expenditures on the fund statements but are deferred and amortized on the government-wide statements.	7,521
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows of resources, pension activity	55,780
Deferred outflows of resources, OPEB activity	311,645
Deferred inflows of resources, pension activity	(1,979,562)
Deferred inflows of resources, OPEB activity	(908,337)
	(2,520,474)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. These liabilities consist of:	
Notes payable	(7,699,000)
Note premiums	(1,129)
Note discounts	435
Financed purchase obligations	(176,524)
Lease liabilities	(569,897)
Total OPEB obligation	(1,994,961)
	(10,441,076)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 19,405,492

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP

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

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Act 511 taxes	$ 5,194,334	$ -	$ -	$ -	$ 5,194,334
Real estate taxes, net	2,342,742	-	-	1,634,903	3,977,645
Real estate transfer tax	503,335	-	-	-	503,335
Franchise fees	243,977	-	-	-	243,977
Licenses and permits	301,141	-	-	-	301,141
Fees and fines	28,120	-	-	-	28,120
Interest income	143,313	72,553	278,027	29,663	523,556
Lease income	62,502	-	-	23,000	85,502
Intergovernmental revenues	638,681	-	1,569,252	547,035	2,754,968
Charges for services	15,776	79,595	-	-	95,371
Miscellaneous revenue	58,964	-	-	19,125	78,089
TOTAL REVENUES	9,532,885	152,148	1,847,279	2,253,726	13,786,038
EXPENDITURES					
General government	1,820,550	-	274,673	-	2,095,223
Public safety					
Police	4,779,427	-	37,134	-	4,816,561
Other	526,869	-	-	1,018,181	1,545,050
Public works, highways and streets	2,014,570	-	2,479,338	550,377	5,044,285
Culture and recreation	273,175	-	107,063	472,498	852,736
Debt service, long-term debt and leases					
Principal retirement	46,000	-	81,286	-	127,286
Interest paid	294,789	-	18,121	-	312,910
TOTAL EXPENDITURES	9,755,380	-	2,997,615	2,041,056	14,794,051
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(222,495)	152,148	(1,150,336)	212,670	(1,008,013)
OTHER FINANCING SOURCES (USES)					
Transfers in	393,019	-	220,000	-	613,019
Transfers out	(943,567)	-	(293,019)	(45,000)	(1,281,586)
Proceeds from leases	-	-	169,996	-	169,996
Proceeds from sale of fixed assets	4,105	-	-	-	4,105
TOTAL OTHER FINANCING SOURCES (USES)	(546,443)	-	96,977	(45,000)	(494,466)
NET CHANGE IN FUND BALANCES	(768,938)	152,148	(1,053,359)	167,670	(1,502,479)
FUND BALANCES AT BEGINNING OF YEAR	3,359,018	2,028,861	7,259,705	206,370	12,853,954
FUND BALANCES AT END OF YEAR	$ 2,590,080	$ 2,181,009	$ 6,206,346	$ 374,040	$ 11,351,475

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (1,502,479)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.	
Capital additions of infrastructure	1,844,433
Abandonment of construction in progress	(8,593)
Capital additions of machinery and equipment	99,405
Capital additions of vehicles	49,805
Capital additions of right to use leased equipment	51,069
Capital additions of right to use leased vehicles	118,927
Depreciation expense	(944,814)
Amortization expense	(197,615)
	1,012,617
Bond and other debt proceeds provide current financial resources to	
Leases issued	(169,996)
Principal paid on notes payable	61,000
Principal paid on financed purchase obligations	81,286
Principal paid on leases	162,213
	134,503
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the Governmental Funds:	
Amortization of bond premiums and discounts	342
Amortization of deferred charges on refunding of debt	(3,762)
Changes in net pension asset and related deferrals	181,664
Changes in total OPEB liability and related deferrals	(41,112)
	137,132
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (218,227)

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Golf Course Enterprise Fund
ASSETS	
Cash and cash equivalents	$ 597,674
Inventory	66,051
Prepaid expenses	26,750
Capital assets	
Land	4,623,197
Buildings and improvements	2,848,504
Furniture and fixtures	95,949
Golf course	8,169,239
Machinery and equipment	3,829,588
Accumulated depreciation	(13,071,295)
Right to use leased equipment	547,022
Accumulated amortization	(379,789)
TOTAL ASSETS	7,352,890
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of debt	48,402
LIABILITIES	
Accounts payable	117,306
Accrued payroll	5,078
Unearned revenue	135,748
Notes payable, current	1,224,000
Lease liabilities, current	85,145
Noncurrent liabilities	
Portion due or payable in more than one year	
Discount on notes payable, net	(2,587)
Premium on notes payable, net	6,167
Notes payable	1,406,000
Lease liabilities	159,579
TOTAL LIABILITIES	3,136,436
NET POSITION	
Net investment in capital assets	3,832,513
Unrestricted	432,343
TOTAL NET POSITION	$ 4,264,856

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Golf Course Enterprise Fund
OPERATING REVENUES	
Charges for services	$ 2,485,246
OPERATING EXPENSES	
Food and beverage	293,909
General and administrative	228,836
Golf operations	298,516
Marketing	1,753
Pro shop	36,591
Repairs and maintenance	62,367
Salaries and benefits	882,131
Depreciation	192,789
Amortization	127,900
TOTAL OPERATING EXPENSES	2,124,792
OPERATING INCOME	360,454
NONOPERATING REVENUES (EXPENSES)	
Interest income	16,046
Interest expense	(72,886)
Gain on disposal of assets	49,178
TOTAL NONOPERATING REVENUES (EXPENSES)	(7,662)
INCOME BEFORE OPERATING TRANSFERS	352,792
OPERATING TRANSFERS	
Operating transfers in	793,567
Operating transfers out	(125,000)
	668,567
CHANGE IN NET POSITION	1,021,359
NET POSITION AT BEGINNING OF YEAR	3,243,497
NET POSITION AT END OF YEAR	$ 4,264,856

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Golf Course Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,485,371
Payments to suppliers	(889,215)
Payments to employees	(877,394)
NET CASH PROVIDED BY OPERATING ACTIVITIES	718,762
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds, net	668,567
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(131,616)
Proceeds from the sale of assets	76,706
Lease liability repayments	(144,320)
Principal payments on debt	(1,206,000)
Interest paid on long-term debt	(72,886)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,478,116)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	16,046
NET DECREASE IN CASH AND CASH EQUIVALENTS	(74,741)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	672,415
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 597,674
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 360,454
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	192,789
Amortization	127,900
Change in assets and liabilities	
Inventory	(10,341)
Accounts payable	43,748
Accrued payroll	4,737
Unearned revenue	125
Due to other funds	(650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 718,762

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 202,874	$ 1,625,132
Investments	26,231,776	6,159
TOTAL ASSETS	$ 26,434,650	$ 1,631,291
NET POSITION		
Restricted for pensions	$ 26,434,650	$ -
Restricted for custodial purposes	-	1,631,291
TOTAL NET POSITION	$ 26,434,650	$ 1,631,291

See accompanying notes to the basic financial statements.

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

	Pension Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	$ 85,085	$ -
Plan members	91,169	-
State contributions	363,026	-
Developers	-	1,490,555
TOTAL CONTRIBUTIONS	539,280	1,490,555
Investment earnings		
Interest and dividends	1,477,089	2,223
Net increase in fair value of investments	1,730,912	-
Investment expenses	(56,859)	-
INVESTMENT EARNINGS, net	3,151,142	2,223
TOTAL ADDITIONS	3,690,422	1,492,778
DEDUCTIONS		
Benefit payments to retired plan participants	969,127	-
Administrative	10,550	-
Escrow payments	-	724,832
TOTAL DEDUCTIONS	979,677	724,832
CHANGE IN NET POSITION	2,710,745	767,946
NET POSITION AT BEGINNING OF YEAR	23,723,905	863,345
NET POSITION AT END OF YEAR	$ 26,434,650	$ 1,631,291

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Reporting Entity

The financial statements of Lower Salford Township (the "Township") include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility.

The Township is governed by a five-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township evaluated the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviewed the applicability of the criteria listed below.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

  Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township as defined below.

  Impose its Will - If the Township can significantly influence the programs, projects, or activities of or the level of services performed or provided by the organization.

  Financial Benefit or Burden - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the Township.

Based on the foregoing criteria, the reporting entity includes all the organizations for which the Township is financially accountable or for which there is a significant relationship.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- Lower Salford Township Authority is a component unit that meets the component unit criteria but does not meet the criteria for blending. Lower Salford Township Authority (the "Authority") qualifies as a discretely presented component unit of the Township. The Authority's purpose is to provide financing and administrative services related to the processing of the Township's sewerage. It is administered by a five-member board, which is appointed by the Township Board of Supervisors. The Township guarantees all debt of the Authority. The Authority issues separate financial statements.

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

- The Township and Authority Pension Plan is a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of the Township or the Authority. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the Township. These financial statements include the financial activities of the primary government, except for Fiduciary Funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements - The fund financial statements provide information about the Township's funds, including its Fiduciary Funds. Separate statements for each fund category--*governmental*, *proprietary* and *fiduciary*--are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental and Enterprise Funds are aggregated and reported as nonmajor funds.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Township reports the following fund types:

Governmental Fund Types

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

- General Fund

Special Revenue Funds - These funds account for revenues derived from specific taxes or other earmarked revenue sources including state highway aid, federal and state grants, federal revenue sharing entitlements and rental charges that are legally restricted to expenditures for specified purposes. While a Special Revenue Fund is not an operating fund, transfers are made from the Special Revenue Funds to the operating funds authorized to make the expenditures. Funds included in this fund category are:

- Fire Protection Fund
- Ambulance Fund
- Liquid Fuels Fund
- Park Fund
- Library Fund

Capital Project Funds - The Capital Project Funds are comprised of the Traffic Impact Fees Fund and the Capital Reserve Fund. The Traffic Impact Fees Fund is used to account for financial resources to be used for traffic improvement projects. The Capital Reserve Fund is used to account for financial resources to be used for various capital acquisitions. Funds included in this fund category are:

- Traffic Impact Fees Fund
- Capital Reserve Fund

The General Fund, Traffic Impact Fees Fund and Capital Reserve Fund are reported as major Governmental Funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund Type

Enterprise Fund - The Enterprise Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund is comprised of the Golf Course Enterprise Fund that accounts for the activities of the Lederach Golf Club.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Township's Golf Course Enterprise Fund is charges to customers for services. Operating expenses of the Township's Proprietary Fund include the cost of operating the golf course, administrative expenses, repairs and maintenance expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Fiduciary Fund Type

Pension Funds - Funds are used to account for financial resources restricted solely for uniformed and non-uniformed retirement plans.

Custodial Funds - The Township Custodial Fund is comprised of three activities. The Escrow activity accounts for moneys paid by property owners to be used for legal and engineering costs incurred by the Township. Excess funds are returned to the property owners. The Maintenance Agreement Escrow activity accounts for moneys received from the Township residents for future maintenance expenses. The Developer Default Escrow activity accounts for moneys received pursuant to performance bonds related to certain residential developments.

Basis of Accounting

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 and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

The accrual basis of accounting is used by the Enterprise Fund and Fiduciary Funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Township reports unearned revenues on its Governmental Funds balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Accounting

The Township's General Fund is subject to budgetary controls on the modified accrual basis of accounting. As required by law, formal budgets are adopted and budgetary transfers are made as and when required. All activity is approved by the Board of Supervisors. Appropriations lapse at the end of each year and must be reappropriated.

The General Fund and Special Revenue Funds with legally adopted budgets must have budgetary comparison schedules presented as required supplementary information to supplement the basic financial statements. For the year ended December 31, 2025, the American Rescue Plan Fund did not have a legally adopted budget.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in Governmental Funds operations or Proprietary Funds operations and whether they are reported in the government-wide or fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Township policy has set the capitalization threshold for reporting capital assets at $5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation.

The Township has recorded right use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The range of estimated useful lives by type of asset is as follows:

Asset Class	Estimated Useful Lives
Buildings and improvements	15-40
Furniture and fixtures	5
Golf course	15-40
Infrastructure	20-40
Equipment	3-15
Vehicles	5-15
Right to use leased equipment	5
Right to use leased vehicles	5

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. The deferred charge on refunding is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions, and differences between expected and actual experience of the pension plan. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes in assumptions and benefit payments subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one item that qualifies for reporting in this category. Lease activities, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan, and the net difference between projected and actual earnings on pension plan investments. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes in plan assumptions and differences between expected and actual experience of the plan. The deferred inflows related to lease receivables is reported in the government-wide statement of net position and Governmental Funds balance sheet.

Leases

Lessee

The Township is a lessee for noncancellable leases of vehicles and equipment. The Township recognizes a lease liability and an intangible right-to-use lease asset (leased assets) in the government-wide financial statements and proprietary fund statement. The Township recognizes lease liabilities with an initial, individual value of $5,000 or more.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The Township is a lessor for a noncancellable leases for a portion of the Township's real property for underground communications facilities. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Lower Salford Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses the implicit rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Salford Township monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Cash and Cash Equivalents

The funds in the financial statements consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Interfund Transactions

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as due to/due from in the fund that is making the reimbursement. All other interfund transactions are reported as transfers.

Investments

The Township has adopted GASB Statement No. 72, *Fair Value Measurements and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement requires the Township to record investments at fair value or amortized cost, as applicable.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Accounts Receivable

The Authority evaluates the collectability of individual receivables and, if necessary, records an allowance for doubtful accounts. The Authority's policy is to shut off water service and/or file a lien against the respective property for delinquent sewer rentals. The allowance recorded for 2025 is $5,595.

Compensated Absences

For non-uniform employees, vacation days earned in a fiscal year must be used in that year. Unused vacation days are forfeited at year-end. Police officers are compensated for up to 40 hours of unused vacation days each year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sick leave is granted as appropriate (medical evidence required), with budgetary provisions being made annually for replacement personnel. Non-uniform employees are granted 12 days of sick leave each year. They may accumulate no more than 30 days or the amount that was accrued as of December 21, 1995 (the effective date of the current policy), whichever is greater. Upon retirement, non-uniform employees are entitled to receive an amount equal to one-third of the total accumulated sick leave hours multiplied by their hourly rate at retirement. Accumulated sick leave is forfeited upon separation from service for reasons other than retirement. Each year, non-uniform employees will be paid one-third of their unused sick time that is over and above the total accumulated maximum number of days.

The Township implemented GASB Statement No. 101, Compensated Absences, effective January 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

Use of Estimates

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

Real Estate Tax Calendar and Reserve

Assessed valuations of property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted note or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied in the fund financial statements. Governmental Fund Types recognize note premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Balance

The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, noteholders, and higher levels of government) through constitutional provisions or by enabling legislation.

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000. Deposits not insured by the FDIC are secured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. Such assets are held by the pledging bank's trust department not in, the Township's name. At December 31, 2025, the Township had deposits of $13,330,799. Of that amount $500,000 is insured by the FDIC, $3,147,400 is invested in state investment pools (uninsured) and the remaining balance of $9,683,399 is secured under Act 72.

Lower Salford Township Authority - At December 31, 2025, the carrying amount of the Authority's deposits with financial institutions was $1,024,777; the bank balance was $1,067,214. Of the total bank balance, $250,000 was insured by the FDIC. The amount uninsured and collateralized under the provisions of Act 72 was $814,123. The amount uninsured and uncollateralized with state investment pools was $3,091.

NOTE B - DEPOSITS AND INVESTMENTS

Investments

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

Investment Type	Amortized Cost	Fair Value	Investment Maturities Less Than 1 Year
GOVERNMENTAL ACTIVITIES			
State investment pools	$ 449,195	$ -	$ 449,195
CUSTODIAL FUNDS			
State investment pools	$ 6,159	$ -	$ 6,159
PENSION ACTIVITIES			
Mutual funds	$ -	$ 23,374,375	$ 23,374,375
Fixed income	-	35,005	35,005
Exchange traded funds	-	2,822,396	2,822,396
	$ -	$ 26,231,776	$ 26,231,776

The Township's governmental activities and custodial fund investments are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2025, is $455,354. These assets maintain a stable net asset value of $1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2025, the Township's investment in the state investment pool was rated AAAm by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had $455,354 invested in a PLGIT/Plus Class account which incurs a penalty if funds are withdrawn within 30 days of deposit.

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets: Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2025:

NOTE B - DEPOSITS AND INVESTMENTS

Investments in mutual funds and exchange traded funds of $23,374,375 and $2,822,396, respectively are valued using quoted market prices (Level 1 inputs). Investments in fixed income of $35,005 are valued using observable inputs other than quoted market prices and are classified as Level 2 inputs.

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

Credit Risk - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

Lower Salford Township Authority

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

Investment Type	Maturities	Amortized Cost
Certificates of deposit	Less than one year	$ 9,038,069

Certificates of deposit held by banks at December 31, 2025 were $9,038,069. These amounts are stated at cost plus interest earned.

NOTE C - CAPITAL ASSETS

Capital assets are as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated / amortized				
Land	$ 5,054,130	$ -	$ -	$ 5,054,130
Construction in progress	24,560	-	(8,593)	15,967
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED / AMORTIZED	5,078,690	-	(8,593)	5,070,097
Capital assets being depreciated / amortized				
Buildings and improvements	5,249,337	-	-	5,249,337
Infrastructure	13,257,415	1,844,433	-	15,101,848
Furniture and fixtures	89,355	-	-	89,355
Machinery and equipment	1,965,214	99,405	-	2,064,619
Vehicles	1,772,140	49,805	-	1,821,945
Right to use leased equipment	686,723	51,069	-	737,792
Right to use leased vehicles	131,356	118,927	-	250,283
TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED	23,151,540	2,163,639	-	25,315,179
Accumulated depreciation / amortization				
Buildings and improvements	(3,103,661)	(137,906)	-	(3,241,567)
Infrastructure	(3,867,217)	(609,280)	-	(4,476,497)
Furniture and fixtures	(86,555)	(1,400)	-	(87,955)
Machinery and equipment	(1,501,231)	(123,648)	-	(1,624,879)
Vehicles	(1,632,093)	(72,580)	-	(1,704,673)
Right to use leased equipment	(295,415)	(147,558)	-	(442,973)
Right to use leased vehicles	(51,546)	(50,057)	-	(101,603)
TOTAL ACCUMULATED DEPRECIATION / AMORTIZATION	(10,537,718)	(1,142,429)	-	(11,680,147)
TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED, net	12,613,822	1,021,210	-	13,635,032
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 17,692,512	$ 1,021,210	$ (8,593)	$ 18,705,129

NOTE C - CAPITAL ASSETS

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated / amortized				
Land	$ 4,623,197	$ -	$ -	$ 4,623,197
Capital assets being depreciated / amortized				
Building and improvements	2,848,504	-	-	2,848,504
Furniture and fixtures	54,997	40,952	-	95,949
Golf course	8,108,711	60,529	-	8,169,240
Machinery and equipment	3,799,453	30,135	-	3,829,588
Right to use leased equipment	615,839	-	(68,817)	547,022
TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED	15,427,504	131,616	(68,817)	15,490,303
Accumulated depreciation / amortization				
Building and improvements	(1,421,887)	(71,213)	-	(1,493,100)
Furniture and fixtures	(50,537)	(6,131)	-	(56,668)
Golf course	(7,830,433)	(23,651)	-	(7,854,084)
Machinery and equipment	(3,575,649)	(91,795)	-	(3,667,444)
Right to use leased equipment	(307,982)	(113,097)	41,290	(379,789)
TOTAL ACCUMULATED DEPRECIATION / AMORTIZATION	(13,186,488)	(305,887)	41,290	(13,451,085)
TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED, net	2,241,016	(174,271)	(27,527)	2,039,218
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 6,864,213	$ (174,271)	$ (27,527)	$ 6,662,415

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	$ 72,003
Public safety	46,496
Parks and recreation	140,175
Highways	883,755
	$ 1,142,429
BUSINESS-TYPE ACTIVITIES	
Golf Course Enterprise Fund	$ 305,887

NOTE C - CAPITAL ASSETS

Lower Salford Township Authority

Capital assets presented in the component unit's financial statements are as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
CAPITAL ASSETS BEING DEPRECIATED				
Buildings, treatment facility and pumping stations	$ 45,934,925	$ 1,352,144	$ -	$ 47,287,069
Development costs	9,512,172	69,719	-	9,581,891
Machinery, equipment and vehicles	1,382,417	66,773	(106,486)	1,342,704
TOTAL CAPITAL ASSETS BEING DEPRECIATED	56,829,514	1,488,636	(106,486)	58,211,664
Accumulated depreciation	(31,327,760)	(1,408,498)	106,486	(32,629,772)
COMPONENT UNIT CAPITAL ASSETS, net	$ 25,501,754	$ 80,138	$ -	$ 25,581,892

NOTE D - LEASES

Lease Receivable

During the current fiscal year, Lower Salford Township leased a portion of their real property for underground communications. The leases are for the following:

Description	Term	Payment Amount
Real Property	Monthly through November 2031	$1,518 to $2,569
Real Property	Monthly through December 2028	$1,518 to $2,035
Real Property	Monthly through December 2040	$386 to $782

NOTE D - LEASES

At December 31, 2025, Lower Salford Township's receivable for lease payments was $277,785. Also, Lower Salford Township has a deferred inflow of resources associated with this lease that will be recognized as a revenue over the lease term. At December 31, 2025, the balance of the deferred inflow of resources was $233,307. Lease related revenues recognized as of December 31, 2025 were as follows:

Lease-related Revenue		Year Ending December 31, 2025
Lease Revenue		
Real Property	$	35,509
Interest Revenue		11,886
TOTAL	$	47,395

The future maturity of lease receivables is as follows:

Year Ending December 31,		Principal		Interest		Receipts
2026	$	39,317	$	10,396	$	49,713
2027		43,395		8,749		52,144
2028		47,759		6,935		54,694
2029		26,321		5,413		31,734
2030		28,947		4,313		33,260
2031-2035		52,834		11,153		63,987
2036-2040		39,212		4,249		43,461
TOTAL FUTURE RECEIPTS	$	277,785	$	51,208	$	328,993

NOTE D - LEASES

Lease Liabilities

The Township has entered into leases for equipment and office space. The lease agreements qualify as an other than short-term lease under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implementation.

The Township has the following leases:

GOVERNMENTAL ACTIVITIES

Description	Term	Payment Amount	Interest Rate
Equipment	Monthly through November 2027	$ 2,819	6.00%
Equipment	Monthly through November 2027	2,292	6.00%
Equipment	Monthly through August 2027	55	4.87%
Equipment	Monthly through April 2027	284	4.87%
Vehicle	Monthly through December 2026	1,153	2.99%
Equipment	Annually through May 2028	53,073	5.35%
Equipment	Monthly through March 2029	2,554	5.98%
Vehicle	Monthly through March 2029	1,323	6.15%
Vehicle	Monthly through November 2030	2,244	5.00%
Equipment	Monthly through January 2030	977	5.57%

BUSINESS-TYPE ACTIVITIES

Description	Term	Payment Amount	Interest Rate
Equipment	Monthly through September 2027	$ 1,565	5.65%
Equipment	Monthly through July 2027	1,293	4.83%
Equipment	Monthly through September 2028	5,554	4.80%
Equipment	Monthly through November 2029	947	5.74%
Equipment	Monthly through October 2029	496	6.75%

NOTE D - LEASES

The future minimum lease obligations under the leases as of December 31, 2025 were as follows:

GOVERNMENTAL ACTIVITIES

Year Ending December 31,	Principal	Interest	Total
2026	$ 189,059	$ 25,891	$ 214,950
2027	178,369	15,970	194,339
2028	129,138	8,107	137,245
2029	48,276	2,052	50,328
2030	25,055	2,851	27,906
	$ 569,897	$ 54,871	$ 624,768

BUSINESS-TYPE ACTIVITIES

Year Ending December 31,	Principal	Interest	Total
2026	$ 85,145	$ 18,415	$ 103,560
2027	84,880	13,309	98,189
2028	59,765	7,532	67,297
2029	14,934	441	15,375
	$ 244,724	$ 39,697	$ 284,421

Interest expense for the lease liabilities was $29,770 and $23,452 for the governmental activities and business-type activities, respectively for the year ended December 31, 2025.

NOTE E - LONG-TERM OBLIGATIONS

A summary of transactions affecting long-term obligations for the year ended December 31, 2025, is as follows:

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes payable					
Series B of 2021	$ 183,000	$ -	$ (46,000)	$ 137,000	$ 46,000
Series of 2022	132,000	-	(15,000)	117,000	15,000
Series of 2024	7,445,000	-	-	7,445,000	5,000
Total notes payable	7,760,000	-	(61,000)	7,699,000	66,000
Financed purchase obligations	257,810	-	(81,286)	176,524	85,850
Deferred note discount	(655)	-	220	(435)	-
Deferred note premium	1,691	-	(562)	1,129	-
Leases	562,114	169,996	(162,213)	569,897	189,059
Total OPEB obligation	1,883,033	111,928	-	1,994,961	-
TOTAL GOVERNMENTAL ACTIVITIES	$ 10,463,993	$ 281,924	$ (304,841)	$ 10,441,076	$ 340,909
BUSINESS-TYPE ACTIVITIES					
Notes payable					
Series B of 2002	$ 742,000	$ -	$ (240,000)	$ 502,000	$ 247,000
Series of 2020	1,475,000	-	(494,000)	981,000	477,000
Series B of 2021	1,619,000	-	(472,000)	1,147,000	500,000
Total notes payable	3,836,000	-	(1,206,000)	2,630,000	1,224,000
Deferred note discount	(3,449)	-	862	(2,587)	-
Deferred note premium	9,248	-	(3,081)	6,167	-
Leases	389,044	-	(144,320)	244,724	85,145
TOTAL BUSINESS-TYPE ACTIVITIES	$ 4,230,843	$ -	$ (1,352,539)	$ 2,878,304	$ 1,309,145

For the governmental activities, all of the long-term liabilities are generally liquidated by the General Fund and Capital Reserve Fund. For the business-type activities, all of the long-term liabilities are liquidated by the Golf Course Enterprise Fund.

NOTE E - LONG-TERM OBLIGATIONS

Notes Payable

The Township's notes payable are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2025, notes payable consisted of the following:

Governmental Activities

Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028.	$	137,000
Note payable, Series of 2022, Delaware Valley Regional Finance Authority, bearing interest at a fixed rate of 2.865%, payable monthly, final maturity in 2032.		117,000
Note payable, Series of 2024, Pennsylvania Local Government Investment Trust, bearing interest at a fixed rate of 3.980%, payable monthly, final maturity in 2033.		7,445,000
		7,699,000
Current Portion		(66,000)
	$	7,633,000

Business-Type Activities

Notes payable, Series of 2002B, Delaware Valley Regional Finance Authority, bearing interest at fixed rates between 1.21% and 3.658%, payable monthly, final maturity in 2027.	$	502,000
Notes payable, Series of 2020, Delaware Valley Regional Finance Authority, bearing interest at fixed rate of 1%, payable monthly, final maturity in 2028.		981,000
Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028.		1,147,000
		2,630,000
Current portion		(1,224,000)
	$	1,406,000

NOTE E - LONG-TERM OBLIGATIONS

Financed Purchase Obligations

The Township's financed purchase obligations are governmental activities.

As of December 31, 2025, financed purchase obligations consisted of the following:

During 2023, the Township entered into a financed purchase obligation for the purchase of public works machinery and equipment in the amount of $143,909, bearing interest at a fixed rate of 6.15%, payable annually, final maturity in October 2027.	$ 59,123
During 2023, the Township entered into a financed purchase obligation for the purchase of public works machinery and equipment in the amount of $285,361, bearing interest at a fixed rate of 5.35%, payable annually, final maturity in May 2027.	117,401
	176,524
Current Portion	(85,850)
	$ 90,674

The annual debt service requirements to maturity, including principal and interest, for governmental and business-type activities as of December 31, 2025, are as follows:

Governmental Activities

Year Ending	Notes Payable		Financed Purchase Obligations	
December 31,	Principal	Interest	Principal	Interest
2026	$ 66,000	$ 4,613	$ 85,850	$ 9,917
2027	67,000	3,674	90,674	5,094
2028	1,166,000	2,713	-	-
2029	1,387,000	2,006	-	-
2030	1,443,000	1,518	-	-
2031-2033	3,570,000	1,547	-	-
	$ 7,699,000	$ 16,071	$ 176,524	$ 15,011

NOTE E - LONG-TERM OBLIGATIONS

Business-Type Activities

Year Ending December 31,	Notes Payable Principal	Notes Payable Interest
2026	$ 1,224,000	$ 22,077
2027	1,236,000	8,611
2028	170,000	919
	$ 2,630,000	$ 31,607

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

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time members of the Police Department of the Township.

Management of the plan is vested in the Pension Board, which consists of 10 members--the Chairman of the Board of Supervisors, Township Manager, Finance Director, Public Works Director, Authority Business Manager, Authority Board Secretary, Police Department Administrative Assistant, and three sworn police officers appointed by the Township. The Pension Board is responsible for managing, investing and monitoring the Township's Police Pension Fund.

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

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

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	18
	34

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2006, may do so upon attaining age 52 with 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2008, may do so upon attaining age 50 with 25 years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation. Average compensation is based upon W-2 earnings of the employee averaged over the final 36 months of employment (not to include lump sum payments for accumulated vacation or sick time). Each member will be eligible for early retirement when he has completed 20 years of service. Early retirement benefits are a monthly pension payment equal to 50% of average monthly compensation, actuarially reduced for early retirement. A member shall have the option to vest his benefit if he terminates employment after 12 years of total service. The vested benefit will be equal to his normal retirement benefit multiplied by a percentage of his actual years of service over years of service the member would have rendered if he had continued working until the normal retirement date. This benefit is payable at the member's normal retirement date.

In the event that a vested active or retired member dies (not killed-in-service), his surviving spouse will receive, until death, 50% of the pension he would have been receiving had he been retired at the time of death. If there is no surviving spouse or if the spouse dies, the member's child or children will receive the benefit until age 18 or, if attending college, until age 23. The surviving spouse of a police officer who is killed in the line of duty shall receive 50% of the benefit the officer would have been entitled to receive if he had retired on the day of his death. The Commonwealth of Pennsylvania will pay the spouse an additional benefit so that the spouse receives 100% of the officer's pay at the time of his death. A member who suffers a total and permanent disability while in the service as a police officer shall receive a benefit equal to 50% of his salary at the time of disability. This benefit is payable at his normal retirement date. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his contributions plus interest credited at the rate of 5% per annum, if any.

An active member who has met the eligibility for normal retirement may elect to participate in the deferred retirement option plan for a period of not less than 12 months nor more than 36 months. Their monthly pension shall be calculated as their date of participation in the DROP. The DROP was adopted January 3, 2006. Earnings to the DROP accounts are based on investment allocations directed by the participant.

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

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

As of January 1, 2008, active members will contribute 4% of their salary (member contributions were set at 2.5% for 2006 and 2007; no contributions were required for the years 1995 through 2005). Contributions are subject to collective bargaining.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2025:

Asset Class	Target Allocation
Domestic equity	60%
International equity	10%
Fixed income	30%
	100%

Concentrations - The Township does not have more than 5% of the Township's investments are in any one single issuer.

Rate of Return - For the year ended December 31, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net Pension Liability (Asset) of the Township

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

Total pension liability	$ 16,058,073
Plan fiduciary net position	(17,661,819)
NET PENSION ASSET	$ (1,603,746)
Plan fiduciary net position as a percentage of the total pension liability	109.99%

Actuarial Assumptions - The total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The following actuarial assumptions were applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.25% annual increase
Investment rate of return	6.75%
Postretirement cost of living increase	0.00%

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

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

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2025 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.5% - 7.5%
International equity	4.5% - 6.5%
Fixed income	1.0% - 3.0%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
BALANCE AT DECEMBER 31, 2024	$ 15,480,910	$ 15,688,964	$ (208,054)
Changes for the year			
Service cost	352,085	-	352,085
Interest	1,028,369	-	1,028,369
Differences between expected and actual experience	(335,464)	-	(335,464)
Contributions			
Employer	-	363,026	(363,026)
Member	-	91,169	(91,169)
Net investment income	-	1,996,537	(1,996,537)
Benefit payments	(467,827)	(467,827)	-
Administrative expense	-	(10,050)	10,050
NET CHANGES	577,163	1,972,855	(1,395,692)
BALANCE AT DECEMBER 31, 2025	$ 16,058,073	$ 17,661,819	$ (1,603,746)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	$ 348,493	$ (1,603,746)	$ (3,219,828)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2025, the Township recognized pension expense of $265,667. At December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 614,984
Net difference between projected and actual earnings on pension plan investments	-	932,103
TOTALS	$ -	$ 1,547,087

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

Year Ending December 31,	
2026	$ 41,556
2027	(700,245)
2028	(475,106)
2029	(317,452)
2030	(47,920)
Thereafter	(47,920)
	$ (1,547,087)

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Township and Authority Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Township and Authority Pension Plan--a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of Lower Salford Township or the Township Authority.

Management of the Township and Authority Pension Plan is vested in the Pension Board, which consists of 10 members--the Chairman of the Board of Supervisors, Township Manager, Finance Director, Public Works Director, Authority Business Manager, Authority Board Secretary, Police Department Administrative Assistant, and three sworn police officers appointed by the Township. The Pension Board of trustees is responsible for managing, investing and monitoring the Township and Authority Pension Fund.

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

Inactive plan members or beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	11
	44

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement and death benefits. A member is eligible for normal retirement after attainment of age 65 and completion of five years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation, reduced by one-thirtieth for each year of service that the member's years of service are less than 30. Monthly average compensation is based upon monthly total compensation averaged over the five consecutive calendar years out of final ten years of participation that produce the highest average. Each member will be eligible for early retirement on the first of the month on or next following age 55 and ten years of participation. Early retirement benefits are the normal retirement benefit multiplied by the ratio of member's year of service over the years of service the member would have had at normal retirement date, reduced by one-half of 1% for each month by which the commencement of the member's early retirement benefit precedes the normal retirement date. A member will be 20% vested after two years of service, increasing by 20% annually to be fully vested after six years of service. The vested benefit will be equal to his normal retirement benefit multiplied by the ratio of the member's year of service over the years of service the member would have had at normal retirement date.

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Upon the death of an active member who is vested, the surviving spouse, if any, is entitled to receive a benefit calculated as if the member had separated from service on the earlier of the actual time of separation or the date of his death, survived to his earliest retirement age, retired with an immediate joint and 50% survivor annuity at his earliest retirement age based on his vested accrued benefit on his date of death and died on the day after the day on which said member would have attained the earliest retirement age.

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded asset to ultimately achieve a 100% funded status.

Employees are not required to contribute. Contributions are subject to collective bargaining.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2025:

Asset Class	Target Allocation
Domestic equity	60%
International equity	10%
Fixed income	30%
	100%

Concentrations - The Township does not have more than 5% of the Township's investments are in any one single issuer.

Rate of Return - For the year ended December 31, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Net Pension Liability (Asset) of the Township

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

Total pension liability	$ 7,670,183
Plan fiduciary net position	(8,772,831)
NET PENSION ASSET	$ (1,102,648)
Plan fiduciary net position as a percentage of the total pension liability	114.38%

Actuarial Assumptions - The total pension liability in the January 1, 2025 actuarial valuation was determined using the following economic assumptions, applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.0% annual increase
Investment rate of return	6.50%
Postretirement cost of living increase	0.00%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2025 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.5% - 7.5%
International equity	4.5% - 6.5%
Fixed income	1.0% - 3.0%

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Discount Rate - The discount rate used to measure the total pension liability was 6.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
BALANCE AT DECEMBER 31, 2024	$ 7,643,580	$ 8,034,941	$ (391,361)
Changes for the year			
Service cost	109,743	-	109,743
Interest	478,576	-	478,576
Differences between expected and actual experience	(395,457)	-	(395,457)
Changes of assumptions	175,940	-	175,940
Contributions			
Employer	-	85,085	(85,085)
Net investment income	-	1,005,554	(1,005,554)
Benefit payments	(342,199)	(342,199)	-
Administrative expense	-	(10,550)	10,550
NET CHANGES	26,603	737,890	(711,287)
BALANCE AT DECEMBER 31, 2025	$ 7,670,183	$ 8,772,831	$ (1,102,648)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	$ (327,982)	$ (1,102,648)	$ (1,769,223)

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2025, the Township and Authority recognized pension expense of $(17,719). At December 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	$ -	$ 125,376
Changes in assumptions	55,780	-
Net difference between projected and actual earnings on pension plan investments	-	307,099
TOTALS	$ 55,780	$ 432,475
LOWER SALFORD TOWNSHIP AUTHORITY		
Difference between expected and actual experience	$ -	$ 72,352
Changes in assumptions	32,190	-
Net difference between projected and actual earnings on pension plan investments	-	177,221
TOTALS	$ 32,190	$ 249,573

NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

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

Year Ending December 31,	Governmental Activities	Lower Salford Township Authority
2026	$ (4,721)	$ (2,725)
2027	(193,276)	(111,536)
2028	(116,307)	(67,119)
2029	(62,391)	(36,003)
2030	-	-
Thereafter	-	-
	$ (376,695)	$ (217,383)

NOTE H - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The Township has established the Lower Salford Township and Authority Non-Uniformed Employees Defined Contribution Pension Plan (the “Plan”), which provides pension benefits for its full-time, non-uniform employees whose customary employment is for 35 or more hours per week. The Plan is a single-employer defined contribution plan under Section 401(a) of the Internal Revenue Code. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant’s account and related returns on investment of those contributions. The Township is the plan administrator for the Plan, maintaining records of individual account balances and administering receipt and payment of funds. All funds contributed by the employees and employer are invested with the Matrix Trust Company through Univest. The Plan does not issue separate, stand-alone financial statements. The Township contributes 5% of each participating employee’s gross wages to the Plan.

The Township made contributions in 2025 of $53,929 to the Plan.

At December 31, 2025, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Lower Salford Township administers a single-employer defined benefit healthcare plan (the "Police Postretirement Healthcare Plan"). Eligibility requirements are as follows: (1) attain age 50 with 25 or more years of service, (2) upon total and permanent disability, or (3) if killed in service, spouse receives immediate coverage to Medicare eligibility. Healthcare benefits through the Delaware Valley Health Insurance Trust are available to retirees and eligible spouses. The Police Postretirement Healthcare Plan does not issue a publicly available financial report.

Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	19
	24

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contribution requirements also are negotiated between the Township and union representatives. The Township contributes 50% of the premiums; the required contribution rate of plan members is 50% of the premiums. Coverage will terminate upon attainment of Medicare eligibility.

Benefits Provided

An eligible officer and spouse shall receive medical, prescription drug, and vision coverage through the Aetna Quality Point of Service plan until Medicare eligibility. The Township shall pay 50% of the cost. No coverage shall be available if the officer and spouse have an equivalent coverage option elsewhere. If coverage is not elected upon retirement, they may return to the Township's group medical plan at any point. Spouses are covered under the plan until they reach Medicare eligibility.

Assumptions

The following assumptions and actuarial methods and calculations were used:

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

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are assumed to be 4.25% per year.

Withdrawal - No withdrawal was assumed.

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

Disability - No disability was assumed.

Retirement - Latest of age 53, 28 years of service, or age on the valuation date.

Percent of Eligible Retirees Electing Coverage in Plan - 65% of officers are assumed to elect coverage. 50% of Vested Former Members are assumed to elect coverage immediately.

Percent Married at Retirement - 80% of officers are assumed to be married and have a spouse covered by the plan at retirement.

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

Per Capita Claims Cost - The per capita cost for medical, prescription drug, and vision is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

	Medical and Prescription Drug Combined	
Age	Males	Females
45-49	$11,636	$16,805
50-54	$15,411	$18,993
55-59	$18,770	$19,874
60-64	$24,493	$22,830

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

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

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

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

Changes in Assumptions - The discount rate changed from 4.00% to 4.28%. The mortality assumption was updated.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2024	$ 1,883,033
Changes for the year	
Service cost	109,290
Interest cost	78,160
Changes in assumptions	(4,798)
Benefit payments	(70,724)
Net changes	111,928
Balance at January 1, 2025	$ 1,994,961

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
Total OPEB liability	$ 2,176,239	$ 1,994,961	$ 1,831,304

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	$ 1,777,812	$ 1,994,961	$ 2,248,731

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

For the year ended December 31, 2025, the Plan recognized OPEB expense of $109,956. At December 31, 2025, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 242,801	$ 296,333
Difference between expected and actual experience	-	612,004
Benefit payments subsequent to the measurement date	68,844	-
	$ 311,645	$ 908,337

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

$68,844 was reported as deferred outflows of resources related to OPEB resulting from Plan benefit payments subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2026	$	(77,494)
2027		(77,497)
2028		(53,612)
2029		(50,658)
2030		(85,994)
Thereafter		(320,281)
	$	(665,536)

NOTE J - INTERFUNDS

Interfund transfers were comprised of the following amounts on an individual fund basis at December 31, 2025:

	Transfers In	Transfers Out
GENERAL FUND	$ 393,019	$ 943,567
CAPITAL PROJECTS FUND		
Capital Reserve Fund	220,000	293,019
SPECIAL REVENUE FUNDS		
Park Fund	-	45,000
ENTERPRISE FUND		
Golf Course Enterprise Fund	793,567	125,000
	$ 1,406,586	$ 1,406,586

NOTE J - INTERFUNDS

	Due To	Due From
GENERAL FUND	$ -	$ 70,000
SPECIAL REVENUE FUNDS		
Ambulance Fund	70,000	-
	$ 70,000	$ 70,000

Interfund activity results from the time lag between the receipt of goods and the provision of services and the related reimbursement as a part of normal business operations.

NOTE K - CAPACITY RIGHTS

The Township's component unit, the Authority, is party to an agreement dated September 18, 1989, whereby it acquired the right to purchase sewage treatment capacity from Towamencin Municipal Authority (TMA) in the total amount of 500,000 gallons per day, which is equivalent to 1,786 Equivalent Dwelling Units. An Equivalent Dwelling Unit (EDU) is defined as 260 gallons of flow per day.

As of December 31, 1997, the Authority purchased and capitalized $2,583,520 under the original agreement, which represents 150,000 gallons of capacity per day. Although the agreement has a term of 100 years, capacity acquisitions are being amortized on a straight-line basis over 40 years.

The Authority pays treatment fees under the agreement equal to TMA's non-residential rates and a pro rata share of the operating costs of a TMA pump station used to transport the sewage.

NOTE L - 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. The Township manages these various risks of loss primarily through the purchase of commercial insurance, except as described below. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

NOTE L - RISK MANAGEMENT

The Township is self-insured for unemployment compensation insurance. Based on the overall experience that the Township has had with unemployment compensation claims in the past, no provision has been made for future claims. The Township will pay claims out of the General Fund when claims are incurred.

NOTE M - COMMITMENTS

The Township has committed $400,000 to the Harleysville Community Center to be directed towards the upgrades of two swimming pools or any debt incurred by the Community Center associated with those upgrades. Contributions will be made until further notice. A contribution of $75,000 was made in 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Act 511 taxes	$ 4,625,000	$ 4,625,000	$ 5,194,334	$ 569,334
Real estate taxes, net	2,427,000	2,427,000	2,342,742	(84,258)
Real estate transfer tax	450,000	450,000	503,335	53,335
Franchise fees	278,000	278,000	243,977	(34,023)
Licenses and permits	285,000	285,000	301,141	16,141
Fees and fines	25,000	25,000	28,120	3,120
Interest income	135,000	135,000	143,313	8,313
Rental income	70,000	70,000	62,502	(7,498)
Intergovernmental revenues	497,134	497,134	638,681	141,547
Charges for services	149,990	149,990	15,776	(134,214)
Miscellaneous revenue	130,269	130,269	58,964	(71,305)
TOTAL REVENUES	9,072,393	9,072,393	9,532,885	460,492
EXPENDITURES				
General government	1,799,382	1,799,382	1,820,550	(21,168)
Public safety				
Police	4,976,657	4,976,657	4,779,427	197,230
Other	574,731	574,731	526,869	47,862
Public works, highways and streets	1,703,154	1,703,154	2,014,570	(311,416)
Culture and recreation	186,708	186,708	273,175	(86,467)
Miscellaneous expenditures	2,000	2,000	-	2,000
Debt service				
Principal retirement	1,926,188	1,926,188	46,000	1,880,188
Interest paid	-	-	294,789	(294,789)
TOTAL EXPENDITURES	11,168,820	11,168,820	9,755,380	1,413,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,096,427)	(2,096,427)	(222,495)	1,873,932
OTHER FINANCING SOURCES (USES)				
Transfers in	813,164	813,164	393,019	420,145
Transfers out	(750,000)	(750,000)	(943,567)	193,567
Proceeds from sale of fixed assets	10,000	10,000	4,105	(5,895)
TOTAL OTHER FINANCING SOURCES (USES)	73,164	73,164	(546,443)	607,817
NET CHANGE IN FUND BALANCE	$ (2,023,263)	$ (2,023,263)	(768,938)	$ 2,481,749
FUND BALANCE AT BEGINNING OF YEAR			3,359,018	
FUND BALANCE AT END OF YEAR			$ 2,590,080	

LOWER SALFORD TOWNSHIP

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

	2025	2024	2023	2022	2021
TOTAL PENSION LIABILITY					
Service cost	$ 352,085	$ 405,618	$ 389,082	$ 358,028	$ 343,432
Interest	1,028,369	1,130,305	938,622	873,099	1,262,099
Changes of benefit terms					
Differences between expected and actual experience	(335,464)	-	(573,027)	-	106,616
Changes of assumptions	-	-	-	-	713,362
Benefit payments	(467,827)	(517,716)	(1,116,670)	(405,930)	(735,234)
NET CHANGE IN TOTAL PENSION LIABILITY	577,163	1,018,207	(361,993)	825,197	1,690,275
Total pension liability, beginning	15,480,910	14,462,703	14,824,696	13,999,499	12,309,224
TOTAL PENSION LIABILITY, ENDING (a)	$ 16,058,073	$ 15,480,910	$ 14,462,703	$ 14,824,696	$ 13,999,499
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	$ 363,026	$ 571,270	$ 556,164	$ 483,744	$ 592,597
Member	91,169	93,937	83,265	82,516	78,014
Net investment income (loss)	1,996,537	1,736,786	1,953,977	(2,688,127)	1,806,047
Benefit payments, including refunds of member contributions	(467,827)	(517,716)	(1,116,670)	(405,930)	(735,234)
Administrative expense	(10,050)	(6,900)	(9,400)	(4,300)	(8,750)
Other	-	(170,025)	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,972,855	1,707,352	1,467,336	(2,532,097)	1,732,674
Plan fiduciary net position, beginning	15,688,964	13,981,612	12,514,276	15,046,373	13,313,699
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 17,661,819	$ 15,688,964	$ 13,981,612	$ 12,514,276	$ 15,046,373
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ (1,603,746)	$ (208,054)	$ 481,091	$ 2,310,420	$ (1,046,874)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	109.99%	101.34%	96.67%	84.42%	107.48%
COVERED PAYROLL	$ 2,432,234	$ 2,167,271	$ 2,368,942	$ 2,224,566	$ 1,977,766
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-65.94%	-9.60%	20.31%	103.86%	-52.93%

NOTES TO SCHEDULE

In 2021, amounts reported as changes of assumptions resulted from adopting the PubS-2010 mortality table with rates projected generationally using Scale MP-2020 to reflect mortality improvement. In 2019, amounts reported as changes of assumptions resulted from adopting the PubS-2010 mortality table with rates projected generationally using Scale MP-2018 to reflect mortality improvement. The rate of return was also changed from 7.5% to 7.25%. In 2016, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014, then projected generationally from 206 with Mortality Improvement Scale MP-2016. In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

2020	2019	2018	2017	2016
$ 284,073	$ 272,492	$ 290,365	$ 277,861	$ 284,909
834,672	794,589	734,053	692,272	624,719
-	(473,728)	-	66,813	-
-	480,391	-	-	(111,273)
(236,049)	(236,049)	(236,631)	(243,038)	(241,609)
882,696	837,695	787,787	793,908	556,746
11,426,528	10,588,833	9,801,046	9,007,138	8,450,392
$ 12,309,224	$ 11,426,528	$ 10,588,833	$ 9,801,046	$ 9,007,138
$ 489,419	$ 463,373	$ 469,682	$ 449,956	$ 440,291
67,935	62,897	62,697	76,787	74,808
1,606,823	1,964,406	(721,765)	1,319,061	583,280
(236,049)	(236,049)	(236,631)	(243,038)	(241,609)
(3,300)	(8,500)	(4,400)	(11,340)	(28,185)
-	-	-	-	-
1,924,828	2,246,127	(430,417)	1,591,426	828,585
11,388,871	9,142,744	9,573,161	7,981,735	7,153,150
$ 13,313,699	$ 11,388,871	$ 9,142,744	$ 9,573,161	$ 7,981,735
$ (1,004,475)	$ 37,657	$ 1,446,089	$ 227,885	$ 1,025,403
108.16%	99.67%	86.34%	97.67%	88.62%
$ 1,850,505	$ 1,714,703	$ 1,648,397	$ 1,986,275	$ 1,999,007
-54.28%	2.20%	87.73%	11.47%	51.30%

LOWER SALFORD TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
ACTUARIALLY DETERMINED CONTRIBUTION	$ 363,026	$ 571,270	$ 556,164	$ 483,744	$ 554,532
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	363,026	571,270	556,164	483,744	592,597
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -	$ (38,065)
COVERED PAYROLL	$ 2,432,234	$ 2,167,271	$ 2,368,942	$ 2,224,566	$ 1,977,766
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	14.93%	26.36%	23.48%	21.75%	29.96%

NOTES TO SCHEDULE

Valuation date: January 1, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar Closed
Remaining amortization period	N/A
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.0%
Salary increases	4.25% annual increase
Investment rate of return	6.75%
Retirement age	Active members are assumed to retire at age 55 and completion of 25 years of service, or at attained age plus one year, if later
Mortality	PubS-2010 Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

2020	2019	2018	2017	2016
$ 489,419	$ 463,373	$ 469,682	$ 449,956	$ 440,291
489,419	463,373	469,682	449,956	440,291
$ -	$ -	$ -	$ -	$ -
$ 1,850,505	$ 1,714,703	$ 1,648,397	$ 1,986,275	$ 1,999,007
26.45%	27.02%	28.49%	22.65%	22.03%

LOWER SALFORD TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	12.90%	12.56%	16.66%	-18.43%	13.64%

2020	2019	2018	2017	2016
14.92%	21.76%	-7.55%	16.59%	7.58%

LOWER SALFORD TOWNSHIP

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

	2025	2024	2023	2022	2021
TOTAL PENSION LIABILITY					
Service cost	$ 109,743	$ 104,490	$ 100,471	$ 114,419	$ 110,018
Interest	478,576	493,235	475,183	457,555	440,189
Differences between expected and actual experience	(395,457)	-	11,408	-	(51,616)
Changes of assumptions	175,940	-	-	-	167,683
Benefit payments	(342,199)	(313,692)	(310,779)	(305,774)	(288,895)
NET CHANGE IN TOTAL PENSION LIABILITY	26,603	284,033	276,283	266,200	377,379
Total pension liability, beginning	7,643,580	7,359,547	7,083,264	6,817,064	6,439,685
TOTAL PENSION LIABILITY, ENDING (a)	$ 7,670,183	$ 7,643,580	$ 7,359,547	$ 7,083,264	$ 6,817,064
PLAN FIDUCIARY NET POSITION					
Contributions, employer	$ 85,085	$ 118,895	$ 117,015	$ 116,232	$ 247,458
Net investment income (loss)	1,005,554	912,699	1,038,064	(1,490,462)	983,894
Benefit payments, including refunds of member contributions	(342,199)	(313,692)	(310,779)	(305,774)	(288,895)
Administrative expense	(10,550)	(6,750)	(8,900)	(6,000)	(8,200)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	737,890	711,152	835,400	(1,686,004)	934,257
Plan fiduciary net position, beginning	8,034,941	7,323,789	6,488,389	8,174,393	7,240,136
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 8,772,831	$ 8,034,941	$ 7,323,789	$ 6,488,389	$ 8,174,393
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ (1,102,648)	$ (391,361)	$ 35,758	$ 594,875	$ (1,357,329)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	114.38%	105.12%	99.51%	91.60%	119.91%
COVERED PAYROLL	$ 1,105,314	$ 1,175,211	$ 1,293,236	$ 1,222,168	$ 1,173,269
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-99.76%	-33.30%	2.77%	48.67%	-115.69%

NOTES TO SCHEDULE

In 2023, amounts reported as changes in assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2021 to reflect mortality improvement for purposes of developing mortality rates. In 2021, amounts reported as changes of assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2020 to reflect mortality improvement for purposes of developing mortality rates. In 2019, amounts reported as changes of assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2018 to reflect mortality improvement for purposes of developing mortality rates. In 2016, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Total Dataset Healthy Annuitant Mortality Tables using Mortality Improvement Scale RP-2014, then projected generationally from 2006 with Mortality Improvement Scale MP-2016. In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Generational Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

2020	2019	2018	2017	2016
$ 153,423	$ 147,522	$ 166,422	$ 160,021	$ 184,622
429,336	407,378	382,981	359,486	341,332
-	(86,718)	-	(145,189)	-
-	136,414	-	-	(122,308)
(246,048)	(248,183)	(215,157)	(165,360)	(152,929)
336,711	356,413	334,246	208,958	250,717
6,102,974	5,746,561	5,412,315	5,203,357	4,952,640
$ 6,439,685	$ 6,102,974	$ 5,746,561	$ 5,412,315	$ 5,203,357
$ 285,820	$ 287,416	$ 313,576	$ 313,745	$ 336,845
917,234	1,109,765	(408,804)	752,609	332,876
(246,048)	(248,183)	(215,157)	(165,360)	(152,929)
(3,700)	(7,400)	(3,970)	(9,790)	(26,508)
953,306	1,141,598	(314,355)	891,204	490,284
6,286,830	5,145,232	5,459,587	4,568,383	4,078,099
$ 7,240,136	$ 6,286,830	$ 5,145,232	$ 5,459,587	$ 4,568,383
$ (800,451)	$ (183,856)	$ 601,329	$ (47,272)	$ 634,974
112.43%	103.01%	89.54%	100.87%	87.80%
$ 1,305,396	$ 1,342,846	$ 1,357,551	$ 1,539,746	$ 1,655,705
-61.32%	-13.69%	44.30%	-3.07%	38.35%

LOWER SALFORD TOWNSHIP
SCHEDULE OF TOWNSHIP AND AUTHORITY
PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
ACTUARIALLY DETERMINED CONTRIBUTION	$ 85,085	$ 118,895	$ 117,015	$ 116,232	$ 247,458
CONTRIBUTIONS IN RELATION TO THE ACTUARIAL DETERMINED CONTRIBUTION	85,085	118,895	117,015	116,232	247,458
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -	$ -
COVERED PAYROLL	$ 1,105,314	$ 1,175,211	$ 1,293,236	$ 1,222,168	$ 1,173,269
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	7.70%	10.12%	9.05%	9.51%	21.09%

NOTES TO SCHEDULE

Valuation date:	January 1, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	N/A
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.0%
Salary increases	4.00% annual increase
Investment rate of return	6.75%
Retirement age	Normal retirement age (65)
Mortality	PubG-2010 Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

2020	2019	2018	2017	2016
$ 285,820	$ 287,416	$ 313,576	$ 313,745	$ 336,845
285,820	287,416	313,576	313,745	336,845
$ -	$ -	$ -	$ -	$ -
$ 1,305,396	$ 1,342,846	$ 1,357,551	$ 1,539,746	$ 1,655,705
21.90%	21.40%	23.10%	20.38%	20.34%

LOWER SALFORD TOWNSHIP

SCHEDULE OF TOWNSHIP AND AUTHORITY
PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
ANNUAL MONEY-WEIGHTED RATE OF OF RETURN, NET OF INVESTMENT EXPENSE	12.80%	12.65%	16.52%	-18.52%	13.78%

2020	2019	2018	2017	2016
14.74%	21.83%	-7.56%	16.63%	7.61%

LOWER SALFORD TOWNSHIP

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

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service cost	$ 109,290	$ 112,588	$ 163,380	$ 168,695	$ 122,862	$ 103,130	$ 108,970	$ 111,726
Interest	78,160	95,163	55,239	50,576	69,931	71,775	61,686	76,714
Differences between expected and actual experience	-	(451,987)	-	(248,039)	-	(31,924)	-	(305,324)
Changes of assumptions	(4,798)	72,956	(328,038)	(45,080)	318,024	79,304	(82,149)	66,461
Benefit payments	(70,724)	(89,579)	(83,776)	(89,200)	(71,904)	(64,982)	(60,438)	(64,942)
NET CHANGE IN TOTAL OPEB LIABILITY	111,928	(260,859)	(193,195)	(163,048)	438,913	157,303	28,069	(115,365)
TOTAL OPEB LIABILITY, BEGINNING	1,883,033	2,143,892	2,337,087	2,500,135	2,061,222	1,903,919	1,875,850	1,991,215
TOTAL OPEB LIABILITY, ENDING (a)	$ 1,994,961	$ 1,883,033	$ 2,143,892	$ 2,337,087	$ 2,500,135	$ 2,061,222	$ 1,903,919	$ 1,875,850

NOTES TO SCHEDULE

Changes in assumptions: In the January 1, 2025 actuarial valuation, the discount rate changed from 4.00% to 4.28%. The trend assumption was updated. In the January 1, 2024 actuarial valuation, the discount rate changed from 4.31% to 4.00%. The trend assumption was updated. In the January 1, 2023 actuarial valuation, the discount rate changed from 2.25% to 4.31%. The trend and mortality assumptions were updated. In the January 1, 2022 actuarial valuation, the discount rate changed from 1.93% to 2.25%. In the January 1, 2021 actuarial valuation, the discount rate changed from 3.26% to 1.93%. In the January 1, 2020 actuarial valuation, the discount rate changed from 3.64% to 3.26%. The trend assumption was updated. In the January 1, 2019 actuarial valuation, the discount rate changed from 3.16% to 3.64%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions. In the January 1, 2018 actuarial valuation, the discount rate changed from 3.71% to 3.16%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

As of the financial statement date, there are no assets held in a trust for Other Post-Employment Benefits (OPEB). The organization has not established or maintained a trust for the funding of OPEB obligations. Therefore, the OPEB liability is not funded through a trust, and no assets are set aside to cover these future benefit obligations.

SUPPLEMENTARY INFORMATION SECTION

LOWER SALFORD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 109,659	$ 42,030	$ 168,048	$ 2,847	$ 42,271	$ 364,855
Taxes receivable, net	2,457	4,577	-	671	2,330	10,035
Prepaid items	-	70,000	-	-	-	70,000
TOTAL ASSETS	$ 112,116	$ 116,607	$ 168,048	$ 3,518	$ 44,601	$ 444,890
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	$ 106	$ 197	$ -	$ 447	$ 100	$ 850
Due to other funds	-	70,000	-	-	-	70,000
TOTAL LIABILITIES	106	70,197	-	447	100	70,850
FUND BALANCES						
Nonspendable						
Prepaid items	-	70,000	-	-	-	70,000
Restricted						
Fire protection	112,010	-	-	-	-	112,010
Liquid fuels	-	-	168,048	-	-	168,048
Parks	-	-	-	3,071	-	3,071
Library	-	-	-	-	44,501	44,501
Unassigned	-	(23,590)	-	-	-	(23,590)
TOTAL FUND BALANCES	112,010	46,410	168,048	3,071	44,501	374,040
TOTAL LIABILITIES AND FUND BALANCES	$ 112,116	$ 116,607	$ 168,048	$ 3,518	$ 44,601	$ 444,890

LOWER SALFORD TOWNSHIP
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
REVENUES						
Real estate taxes, net	$ 401,513	$ 745,744	$ -	$ 109,003	$ 378,643	$ 1,634,903
Interest income	4,906	6,542	12,875	827	4,513	29,663
Lease income	-	-	-	23,000	-	23,000
Intergovernmental revenues	-	-	547,035	-	-	547,035
Miscellaneous revenue	-	-	-	19,125	-	19,125
TOTAL REVENUES	406,419	752,286	559,910	151,955	383,156	2,253,726
EXPENDITURES						
Public safety, other	303,092	715,089	-	-	-	1,018,181
Public works, highways and streets	-	-	550,377	-	-	550,377
Culture and recreation	-	-	-	104,811	367,687	472,498
TOTAL EXPENDITURES	303,092	715,089	550,377	104,811	367,687	2,041,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	103,327	37,197	9,533	47,144	15,469	212,670
OTHER FINANCING USES						
Transfers out	-	-	-	(45,000)	-	(45,000)
NET CHANGE IN FUND BALANCES	103,327	37,197	9,533	2,144	15,469	167,670
FUND BALANCES AT BEGINNING OF YEAR	8,683	9,213	158,515	927	29,032	206,370
FUND BALANCES AT END OF YEAR	$ 112,010	$ 46,410	$ 168,048	$ 3,071	$ 44,501	$ 374,040

LOWER SALFORD TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Pension Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
ASSETS			
Cash and cash equivalents	$ 17,871	$ 185,003	$ 202,874
Investments	8,754,960	17,476,816	26,231,776
TOTAL ASSETS	$ 8,772,831	$ 17,661,819	$ 26,434,650
NET POSITION			
Restricted for pensions	$ 8,772,831	$ 17,661,819	$ 26,434,650

LOWER SALFORD TOWNSHIP
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Pension Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	$ 85,085	$ -	$ 85,085
Plan members	-	91,169	91,169
State contributions	-	363,026	363,026
TOTAL CONTRIBUTIONS	85,085	454,195	539,280
Investment earnings			
Interest and dividends	467,241	1,009,848	1,477,089
Net increase in fair value of investments	557,605	1,173,307	1,730,912
Investment expenses	(19,292)	(37,567)	(56,859)
INVESTMENT EARNINGS, net	1,005,554	2,145,588	3,151,142
TOTAL ADDITIONS	1,090,639	2,599,783	3,690,422
DEDUCTIONS			
Benefit payments to retired plan participants	342,199	626,928	969,127
Administrative	10,550	-	10,550
TOTAL DEDUCTIONS	352,749	626,928	979,677
CHANGE IN NET POSITION	737,890	1,972,855	2,710,745
NET POSITION AT BEGINNING OF YEAR	8,034,941	15,688,964	23,723,905
NET POSITION AT END OF YEAR	$ 8,772,831	$ 17,661,819	$ 26,434,650

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by Lower Salford Township Recreation Authority (the "Issuer"), in connection with the issuance of its $[________] Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds"), and the $[________] Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds") in the aggregate principal amount of $[________] (collectively, the "Bonds"), pursuant to a Trust Indenture, dated as of [________], 2026, entered into between the Issuer and U.S. Bank Trust Company, National Association, as Trustee, payment of interest and principal of which is guaranteed pursuant to a Guaranty Agreement dated the date hereof between the Issuer and the Township of Lower Salford (the "Township"). The Bonds are being issued pursuant to a resolution adopted by the Board of the Issuer (the "Governing Body") on July 23, 2026 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Undertaking***. This Disclosure Undertaking is being executed and delivered by the Issuer in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Bonds required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule").

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

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"*Disclosure Representative*" means the Township Manager of the Township or his or her designee, or such other officer or employee of the Township as the Township may designate from time to time, as the same are acceptable to the Issuer.

"*Dissemination Agent*" means any person or entity designated by the Issuer.

"*EMMA*" means the continuing disclosure service of the MSRB's Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

"Financial Obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). 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*" means any of the events listed in Section 5(a) of this Disclosure Undertaking with respect to the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Official Statement relating to the Bonds, dated [________], 2026.

"*Purchaser*" means Raymond James & Associates, Inc., in its role as original purchaser and underwriter of the Bonds.

"*Tax-exempt*" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. ***Provision of Annual Reports***. The Issuer shall provide the Annual Report not later than 270 days following the fiscal year ending the previous December 31 (the "Report Date"), beginning with the Report Date after the fiscal year ending December 31, 2026 to EMMA, which is consistent with the requirements of Section 4 of this Disclosure Undertaking. 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 Undertaking, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site. If the Issuer is unable to provide the Annual Report to the MSRB by the Report Date, the Issuer shall file with the MSRB no later than the Report Date notice of such failure to file.

Section 4. ***Content of Annual Reports***. The Issuer's Annual Report shall contain or incorporate by reference the following financial information and operating information for the Issuer:

(a) financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles consistently applied for authorities within the Commonwealth of Pennsylvania[1]; provided, however, that no such financial statements need to be included in the Annual Report, if, when and so long as such data is being concurrently provided by the Township, in satisfaction of its continuing disclosure obligations described in the final paragraph of Section 4 of the Continuing Disclosure Undertaking of the Township, executed and delivered by the Township on August __, 2026, in connection with the issuance of the Bonds;

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

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board or EMMA. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. ***Reporting of Significant Events***. (a) Pursuant to the provisions of this Section 5, the Issuer shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

[1] In the event audited financial statements are not available by the Report Date, this section shall be interpreted to allow the submission of unaudited financial statements, and so long as audited financial statements are submitted thereafter, as soon as they become available.

(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 or Notices of Proposed Issue (IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;

(vii) modifications to the rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(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 event of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, 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) the appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the Issuer, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

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

(b) The Issuer shall file in a timely manner with the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure to provide the required annual financial information specified above, on or before the date specified above. Notwithstanding the foregoing: notice of Listed Events described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

(c) For the purposes of the Listed Event identified in clause (a)(xii) of this Section, the event is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing 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 Issuer.

Section 6. ***Termination of Reporting Obligation***. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. ***Procedures to Ensure Compliance***. In order further to ensure complete compliance with, and satisfaction of, all of the obligations of this Disclosure Undertaking and of the Rule, the Issuer does hereby adopt, as regular administration office procedures, the recommendations set out in Appendix A to this Disclosure Undertaking, with the intention that the Disclosure Representative shall honor, follow and conform to the same. Said recommendations are not a substitute for any of the provisions of this Disclosure Undertaking and do not, by themselves, constitute compliance with, or satisfaction of, the Rule or of this Disclosure Undertaking, whose terms shall control. Such recommendations are intended as practical guidance to assist in effecting such compliance and satisfaction.

Section 8. ***Dissemination Agent***. Additionally, and again, in order further to ensure complete compliance with, and satisfaction of, all of the obligations of this Disclosure Undertaking and of the Rule, the Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Bonds or any other party. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder. Notwithstanding the foregoing, the appointment or engagement of a Dissemination Agent does not relieve the Issuer of any of the obligations set forth in this Disclosure Undertaking or under the Rule.

Section 9. ***Amendment; Waiver***. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, 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.

Section 10. ***Additional Information***. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking. If the Issuer 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 Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. ***Default***. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed a default under the Resolution or the Bonds and the rights and remedies provided by the Resolution and the Bonds upon the occurrence of a default shall not apply to any such failure. The sole remedy under this Disclosure

Undertaking in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 12. ***Immunities of Individuals***. No recourse shall be had for any claim based hereon against any member, director, officer or employee, past, present or future, of the Issuer or the officers of the Issuer or of any successor body, as such.

Section 13. ***Beneficiaries.*** This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Purchaser, and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. ***Notices***.

Any notices or communications to or with the Issuer may be given as follows:

Lower Salford Township Recreation Authority
379 Main Street
Harleysville, PA 19438
Attn: Chairman

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[Signature Page to Continuing Disclosure Undertaking]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Undertaking as of this [__] day of [________], 2026.

LOWER SALFORD TOWNSHIP RECREATION AUTHORITY

By:____
Chairman

APPENDIX A
COMPLIANCE RECOMMENDATIONS AND GUIDANCE

The federal securities laws which govern the offering and sale of municipal government borrowings are found within Rule 10(b)(5) (the "anti-fraud Rule") and Rule 15c2-12 (the "disclosure Rule") of the Securities and Exchange Commission. Additionally, the SEC has granted certain regulatory and enforcement authority to an adjunct entity, the Municipal Securities Rulemaking Board (the "MSRB"). For purposes of this Appendix, when cited, either Rule, or, collectively, the "Rules" shall mean and include the applicable regulations, interpretations and directives of both the SEC and the MSRB.

The disclosure Rule requires that local governments which issue securities agree, in writing, to undertake certain continuing disclosure responsibilities. Those responsibilities are set out in the foregoing Disclosure Undertaking. However, since that document adheres strictly to the letter of the law, it does not facilitate easy interpretation or application. This Appendix A, with its explanation of the background and purpose of the Rules, along with some practical examples, is intended to aid the Disclosure Representative in understanding, and therefore, fulfilling, his/her duties. Additionally, this Appendix contains certain recommendations which, although not mandated by the Disclosure Undertaking or the Rules, would, if implemented, constitute "best practices" leading to comprehensive compliance. In all events, however, this Appendix is not intended to be a substitute for the Disclosure Undertaking or the Rules, to override their requirements or to represent comprehensive legal advice as to particular circumstances or the applicability of certain exceptions. In all cases, the Disclosure Representative must consult the particular language of the Disclosure Undertaking or seek specific legal advice from competent securities disclosure counsel.

Terms not otherwise defined herein shall have the meanings given to such terms in the foregoing Disclosure Undertaking.

a. Regular Annual Requirement

Basic Duty: *The Disclosure Representative must post annually to EMMA the Issuer's (i) annual audit (the "financial statements") and (ii) the summary of the adopted budget for the current fiscal year (collectively, the "Annual Information").*

Once a year, not later than ten (10) days following completion, approval and public release of the Issuer's annual financial statements, ***and in all events not later the Report Date*** of each year during the term of the Bonds, ***the Disclosure Representative shall disclose*** to the public, pursuant to the procedures and methodology described in the Disclosure Undertaking, ***the Issuer's Annual Information***, as such information is defined, described and/or required in or by the Disclosure Undertaking.

In the event the Issuer's audit is not completed and approved by the Report Date, it is a best practice for the Disclosure Representative to disclose, by the Report Date, the most accurate unaudited financial statements otherwise available, to properly disclose that such financial statements are not finally audited (but are instead believed to be as complete and accurate as possible at the time) and to continue to pursue completion and approval of the audited statements and full disclosure of the same, as soon as possible.

In the event the Issuer changes its accounting procedures or reporting, and/or the audit reflects an accounting methodology which is different from that applied in previous financial statements, the Annual Information must contain a description of such changes or differences, as well as instructions to enable a reader properly to compare prior financial statements with the new, revised, ones.

In the event the procedures and methodology described in the Disclosure Undertaking become outdated or are no longer applicable, the Issuer shall consult competent securities disclosure counsel in order to accomplish full public disclosure according to the intent and meaning of the Disclosure Undertaking and the disclosure Rule.

Finally, in the event of a failure to file the Annual Information, the Issuer must promptly file Notice of a Failure to File with EMMA by the Report Date.

b. Situational Requirements

Basic Duty: *The Issuer must post the details of certain financial events or transactions to EMMA, if and when—and as soon as—they occur.*

Not later than ten (10) business days following the occurrence of any one of the several Material Events enumerated and defined in the Disclosure Undertaking, ***the Disclosure Representative*** shall compose a Notice of Material Event and ***shall disclose the Notice of Material Event*** to the public, pursuant to the procedures and methodology described in Disclosure Undertaking.

In general, Material Events can be thought of as those changes in the character or profile of the Issuer's outstanding debt or financial affairs which could affect, *negatively or positively*, the value of the Bonds. An event or a circumstance is material if a reasonable person, investing in the Bonds, would likely want to know that fact, when deciding whether to purchase, hold or sell the Bonds.

In this regard, such Material Events listed in the definition within the Disclosure Undertaking as items (i) through (v) and (xii)—which relate to payment defaults, potential defaults or the onset of financial difficulties—are easily understood to be "material" information to investors in the Bonds. Such items as (vii), (x), (xiii) and (xiv) describe potentially significant changes to the underlying security of the Bonds, or the administration of their security and payment. Items (vi) and (xi) reflect a review of the Bonds by third parties—specifically the IRS and the rating agencies—whose opinions would, of course, be of interest to investors. And items (viii) and (ix) are updates to the amount of the Issuer's outstanding debt.

In the event the procedures and methodology described in the Disclosure Undertaking become outdated or are no longer applicable, the Issuer shall consult competent securities disclosure counsel in order to accomplish full public disclosure according to the intent and meaning of the Disclosure Undertaking and the disclosure Rule.

c. Unintended or Unauthorized Disclosures

Basic Duty: *The Issuer must ensure that all members of the public have equal access to complete and truthful, and only complete and truthful, financial information at all times.*

Generally speaking, the anti-fraud Rule is all about "transparency"—providing investors with the most complete information possible, in order to aid their investment decisions. Yet, in securities law, "more" information is not always "better," if that information is inaccurate. Thus, the Issuer, whether through the Disclosure Representative, other officials or even the Governing Body, should be careful about financial information which is released into the public domain, whether at official meetings, through news releases or interviews, in community periodicals or on social media. The danger in such releases is that such information can be incomplete, out of context, misleading and only available to a limited audience. Worst case, the information is simply wrong.

The SEC has previously brought an enforcement action against a Pennsylvania city for the public statements of its mayor which embellished the city's financial position. What may have been well-intended "cheerleading" was perceived by the SEC to constitute deception about the city's actual financial condition. As it happens, the case had some extraordinary circumstances. While the city was actually in very serious financial difficulties, the public statements of the administration attempted to paint a totally different picture. Nor were the public statements identified as opinion or known to represent merely one side of a debate. They were presented as quite factual.

Thus, a reasonable person should be expected to be able to distinguish the comments of a board member engaged in debate at public hearing from actual financial results set forth in an issuer's financial statements. Yet, it would be wise for an issuer to either restrict or qualify pronouncements that could, in hindsight, appear as intended misrepresentations.

Thus, the best practice is—except as ordinary and incidental to normal governmental administration, such as the audit process, or a prospective borrowing, and except as ordered or required by superior governmental authorities—neither the Disclosure Representative, nor any member of the Governing Body, nor any administrator, official, officer, representative or other agent of the Issuer shall, at any time, review, discuss, analyze, forecast, evaluate, assess or otherwise comment upon financial information, unless such commentary is clearly identified as consisting of that person's own opinions and judgments, or unless and until such person has consulted with, and follows the advice of, competent securities disclosure counsel relative to such commentary.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the Township of Lower Salford (Montgomery County, Pennsylvania) (the "Township"), in connection with the issuance by the Lower Salford Township Recreation Authority (the "Issuer") of the $[________] Guaranteed Revenue Bonds, Series A of 2026 (the "2026A Bonds"), and the $[________] Guaranteed Revenue Bonds, Series B of 2026 (the "2026B Bonds") in the aggregate principal amount of $[________] (collectively, the "Bonds") pursuant to a Trust Indenture, dated as of [________], 2026, entered into between the Issuer and U.S. Bank Trust Company, National Association, as Trustee. The Bonds are being issued pursuant to a resolution adopted by the Board of the Issuer on July 23, 2026, together with an ordinance enacted by the Board of Supervisors of the Township on July 1, 2026 (the "Debt Ordinance"), pursuant to which the Township authorized, and has this date executed and delivered, its Guaranty Agreement dated the date hereof, which guarantees the payment, from Township revenues, including its taxing power, of principal of and interest on the Bonds in the event of a failure by the Issuer to pay the same (the "Guaranty"). By reason of the Guaranty, the Township is an "obligated person" in respect of the Bonds for purposes of the Rule (as defined herein). The Township covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Undertaking***. This Disclosure Undertaking is being executed and delivered by the Township in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Bonds required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule").

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

"*Annual Report*" means any Annual Report provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"*Disclosure Representative*" means the Township Manager of the Township or his or her designee, or such other officer or employee of the Township as the Township may designate from time to time.

"*Dissemination Agent*" means any person or entity designated by the Township.

"*EMMA*" means the continuing disclosure service of the MSRB's Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

"*Financial Obligation*" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). 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*" means any of the events listed in Section 5(a) of this Disclosure Undertaking with respect to the Bonds.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Official Statement*" means the Official Statement relating to the Bonds, dated [________], 2026.

"*Purchaser*" means Raymond James & Associates, Inc., in its role as original purchaser and underwriter of the Bonds.

"*Tax-exempt*" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. ***Provision of Annual Reports***. The Township shall provide the Annual Report not later than 270 days following the fiscal year ending the previous December 31 (the "Report Date"), beginning with the Report Date after the fiscal year ending December 31, 2026 to EMMA, which is consistent with the requirements of Section 4 of this Disclosure Undertaking. 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 Undertaking, provided that the audited financial statements of the Township may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site. If the Township is unable to provide the Annual Report to the MSRB by the Report Date, the Township shall file with the MSRB no later than the Report Date notice of such failure to file.

Section 4. ***Content of Annual Reports***. The Township's Annual Report shall contain or incorporate by reference the following financial information and operating information for the Township:

(a) financial statements for the Township for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units[1];

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

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 EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board or EMMA. The Township shall clearly identify each other document so incorporated by reference.

Notwithstanding such permitted incorporation by reference, so long as the Township receives, holds, manages or otherwise accounts for receipts, revenues, fees, charges and expenditures of the Issuer arising from its golf course, or other recreational activities or operations, the Township's financial statements shall contain a reconciliation or report of all the same, separately stated within its financial statements.

Section 5. ***Reporting of Significant Events***. (a) Pursuant to the provisions of this Section 5, the Township shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

[1] In the event audited financial statements are not available by the Report Date, this section shall be interpreted to allow the submission of unaudited financial statements, and so long as audited financial statements are submitted thereafter, as soon as they become available.

(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 or Notices of Proposed Issue (IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;

(vii) modifications to the rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(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 event of the Township;

(xiii) the consummation of a merger, consolidation, or acquisition of 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) the appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the Township, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, 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 event under the terms of a Financial Obligation of the Township, any of which reflect financial difficulties.

(b) The Township shall file in a timely manner with the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure to provide the required annual financial information specified above, on or before the date specified above. Notwithstanding the foregoing: notice of Listed Events described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Debt Ordinance.

(c) For the purposes of the Listed Event identified in clause (a)(xii) of this Section, the event is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the Township 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 Township, or if such jurisdiction has been assumed by leaving the existing governing 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 Township.

Section 6. ***Termination of Reporting Obligation***. The Township's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. ***Procedures to Ensure Compliance***. In order further to ensure complete compliance with, and satisfaction of, all of the obligations of this Disclosure Undertaking and of the Rule, the Township does hereby adopt, as regular administration office procedures, the recommendations set out in Appendix A to this Disclosure Undertaking, with the intention that the Disclosure Representative shall honor, follow and conform to the same. Said recommendations are not a substitute for any of the provisions of this Disclosure Undertaking and do not, by themselves, constitute compliance with, or satisfaction of, the Rule or of this Disclosure Undertaking, whose terms shall control. Such recommendations are intended as practical guidance to assist in effecting such compliance and satisfaction.

Section 8. ***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 Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Township and shall not be deemed to be acting in any fiduciary capacity for the Township, the holders of the Bonds or any other party. If no replacement Dissemination Agent is appointed, the Township shall undertake all obligations thereof hereunder.

Section 9. ***Amendment; Waiver***. Notwithstanding any other provision of this Disclosure Undertaking, the Township may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Township, 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.

Section 10. ***Additional Information***. Nothing in this Disclosure Undertaking shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking. 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 Undertaking, the Township shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. ***Default***. In the event of a failure of the Township or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed a default under the Debt Ordinance or the Bonds and the rights and remedies provided by the Debt Ordinance and the Bonds upon the occurrence of a default shall not apply to any such failure. The sole remedy under this

Disclosure Undertaking in the event of any failure of the Township or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 12. ***Immunities of Individuals***. No recourse shall be had for any claim based hereon against any member, director, officer or employee, past, present or future, of the Township or the officers of the Township or of any successor body, as such.

Section 13. ***Beneficiaries.*** This Disclosure Undertaking shall inure solely to the benefit of the Township, the Purchaser, and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. ***Notices***.

Any notices or communications to or with the Township may be given as follows:

Township of Lower Salford
379 Main Street
Harleysville, PA 19438
Attention: Chairman, Board of Supervisors

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[Signature Page to Continuing Disclosure Undertaking]

IN WITNESS WHEREOF, the Township has caused its duly authorized officer to execute this Continuing Disclosure Undertaking as of this [__] day of [________], 2026.

TOWNSHIP OF LOWER SALFORD

By:____

Chairman, Board of Supervisors

APPENDIX A
COMPLIANCE RECOMMENDATIONS AND GUIDANCE

The federal securities laws which govern the offering and sale of municipal government borrowings are found within Rule 10(b)(5) (the "anti-fraud Rule") and Rule 15c2-12 (the "disclosure Rule") of the Securities and Exchange Commission. Additionally, the SEC has granted certain regulatory and enforcement authority to an adjunct entity, the Municipal Securities Rulemaking Board (the "MSRB"). For purposes of this Appendix, when cited, either Rule, or, collectively, the "Rules" shall mean and include the applicable regulations, interpretations and directives of both the SEC and the MSRB.

The disclosure Rule requires that local governments which issue securities agree, in writing, to undertake certain continuing disclosure responsibilities. Those responsibilities are set out in the foregoing Disclosure Undertaking. However, since that document adheres strictly to the letter of the law, it does not facilitate easy interpretation or application. This Appendix A, with its explanation of the background and purpose of the Rules, along with some practical examples, is intended to aid the Disclosure Representative in understanding, and therefore, fulfilling, his/her duties. Additionally, this Appendix contains certain recommendations which, although not mandated by the Disclosure Undertaking or the Rules, would, if implemented, constitute "best practices" leading to comprehensive compliance. In all events, however, this Appendix is not intended to be a substitute for the Disclosure Undertaking or the Rules, to override their requirements or to represent comprehensive legal advice as to particular circumstances or the applicability of certain exceptions. In all cases, the Disclosure Representative must consult the particular language of the Disclosure Undertaking or seek specific legal advice from competent securities disclosure counsel.

Terms not otherwise defined herein shall have the meanings given to such terms in the foregoing Disclosure Undertaking.

a. Regular Annual Requirement

Basic Duty: *The Disclosure Representative must post annually to EMMA the Township's (i) annual audit (the "financial statements") and (ii) the summary of the adopted budget for the current fiscal year (collectively, the "Annual Information").*

Once a year, not later than ten (10) days following completion, approval and public release of the Township's annual financial statements, ***and in all events not later the Report Date*** of each year during the term of the Bonds, ***the Disclosure Representative shall disclose*** to the public, pursuant to the procedures and methodology described in the Disclosure Undertaking, ***the Township's Annual Information***, as such information is defined, described and/or required in or by the Disclosure Undertaking.

In the event the Township's audit is not completed and approved by the Report Date, it is a best practice for the Disclosure Representative to disclose, by the Report Date, the most accurate unaudited financial statements otherwise available, to properly disclose that such financial statements are not finally audited (but are instead believed to be as complete and accurate as possible at the time) and to continue to pursue completion and approval of the audited statements and full disclosure of the same, as soon as possible.

In the event the Township changes its accounting procedures or reporting, and/or the audit reflects an accounting methodology which is different from that applied in previous financial statements, the Annual Information must contain a description of such changes or differences, as well as instructions to enable a reader properly to compare prior financial statements with the new, revised, ones.

In the event the procedures and methodology described in the Disclosure Undertaking become outdated or are no longer applicable, the Township shall consult competent securities disclosure counsel in order to accomplish full public disclosure according to the intent and meaning of the Disclosure Undertaking and the disclosure Rule.

Finally, in the event of a failure to file the Annual Information, the Township must promptly file Notice of a Failure to File with EMMA by the Report Date.

b. Situational Requirements

Basic Duty: *The Township must post the details of certain financial events or transactions to EMMA, if and when—and as soon as—they occur.*

Not later than ten (10) business days following the occurrence of any one of the several Material Events enumerated and defined in the Disclosure Undertaking, ***the Disclosure Representative*** shall compose a Notice of Material Event and ***shall disclose the Notice of Material Event*** to the public, pursuant to the procedures and methodology described in Disclosure Undertaking.

In general, Material Events can be thought of as those changes in the character or profile of the Township's outstanding debt or financial affairs which could affect, *negatively or positively*, the value of the Bonds. An event or a circumstance is material if a reasonable person, investing in the Bonds, would likely want to know that fact, when deciding whether to purchase, hold or sell the Bonds.

In this regard, such Material Events listed in the definition within the Disclosure Undertaking as items (i) through (v) and (xii)—which relate to payment defaults, potential defaults or the onset of financial difficulties—are easily understood to be "material" information to investors in the Bonds. Such items as (vii), (x), (xiii) and (xiv) describe potentially significant changes to the underlying security of the Bonds, or the administration of their security and payment. Items (vi) and (xi) reflect a review of the Bonds by third parties—specifically the IRS and the rating agencies—whose opinions would, of course, be of interest to investors. And items (viii) and (ix) are updates to the amount of the Township's outstanding debt.

In the event the procedures and methodology described in the Disclosure Undertaking become outdated or are no longer applicable, the Township shall consult competent securities disclosure counsel in order to accomplish full public disclosure according to the intent and meaning of the Disclosure Undertaking and the disclosure Rule.

c. Unintended or Unauthorized Disclosures

Basic Duty: *The Township must ensure that all members of the public have equal access to complete and truthful, and only complete and truthful, financial information at all times.*

Generally speaking, the anti-fraud Rule is all about "transparency"—providing investors with the most complete information possible, in order to aid their investment decisions. Yet, in securities law, "more" information is not always "better," if that information is inaccurate. Thus, the Township, whether through the Disclosure Representative, other officials or even the Township, should be careful about financial information which is released into the public domain, whether at official meetings, through news releases or interviews, in community periodicals or on social media. The danger in such releases is that such information can be incomplete, out of context, misleading and only available to a limited audience. Worst case, the information is simply wrong.

The SEC has previously brought an enforcement action against a Pennsylvania city for the public statements of its mayor which embellished the city's financial position. What may have been well-intended "cheerleading" was perceived by the SEC to constitute deception about the city's actual financial condition. As it happens, the case had some extraordinary circumstances. While the city was actually in very serious financial difficulties, the public statements of the administration attempted to paint a totally different picture. Nor were the public statements identified as opinion or known to represent merely one side of a debate. They were presented as quite factual.

Thus, a reasonable person should be expected to be able to distinguish the comments of a board member engaged in debate at public hearing from actual financial results set forth in an issuer's financial statements. Yet, it would be wise for an issuer to either restrict or qualify pronouncements that could, in hindsight, appear as intended misrepresentations.

Thus, the best practice is—except as ordinary and incidental to normal governmental administration, such as the audit process, or a prospective borrowing, and except as ordered or required by superior governmental authorities—neither the Disclosure Representative, nor any member of the Township, nor any administrator, official, officer, representative or other agent of the Township shall, at any time, review, discuss, analyze, forecast, evaluate, assess or otherwise comment upon financial information, unless such commentary is clearly identified as consisting of that person's own opinions and judgments, or unless and until such person has consulted with, and follows the advice of, competent securities disclosure counsel relative to such commentary.

APPENDIX F

SUMMARY OF BOND INDENTURE

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APPENDIX F

SUMMARY OF BOND INDENTURE

The following definitions apply to the summary of the Indenture as set forth in this Appendix F and to terms not otherwise defined in the forepart of the Official Statement. This summary should not be regarded as full statements of the documents themselves or of the portions summarized. For complete statements of the provisions thereof, reference is made to the documents in their entireties, copies of which will be available for inspection at the designated corporate trust office of the Trustee.

DEFINITIONS OF CERTAIN TERMS

"Act" shall mean the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended, and as codified by Act 22 of 2001, 53 Pa. C.S.A. Section 5601 et seq. and further amended by Act No. 110 of 2001.

"Assigned Receipts" shall mean the EIT Revenues up to the amounts and for the years shown on Schedule 1 of the Indenture and the Golf Course Revenues up to the amounts and for the years shown on Schedule 2 of the Indenture, each of which equates to the debt service on the respective series of Bonds.

"Authority" shall mean the Lower Salford Township Recreation Authority.

"Board" shall mean the Board of the Authority.

"Bond Fund" shall mean the separate Fund created under the Indenture.

"Bonds" shall mean the Series 2026A Bonds and the Series 2026B Bonds.

"Certified Resolution" shall mean a copy of one or more resolutions certified by the Secretary of the Authority, under its seal, to have been duly adopted by the Board of the Authority and to be in effect on the date of such certification.

"Clearing Fund" shall mean the separate Fund created under the Indenture.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any successor statute, and may include applicable Income Tax Regulations, rulings, procedures, notices and announcements.

"Construction Fund" shall mean the separate Fund created under the Indenture to provide funds for the acquisition and construction of the Project.

"Debt Service Fund" shall mean the separate Fund created under the Indenture.

"EIT Revenues" small mean a portion of the Township's Earned Income Tax Revenues.

"Funds" shall mean, collectively, the Clearing Fund, the Construction Fund, the Debt Service Fund and the Rebate Fund.

"Golf Course Revenues" shall mean a portion of the Township's revenues from the enterprise fund for golf.

"Government Obligations" shall mean the following:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America;

(b) obligations issued by an entity controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America;

(c) except for the purpose of defeasance, any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in (a) or (b), which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(d) except for the purpose of defeasance, stripped obligations of interest issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the interest on which, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to FIRREA; and

(e) except for the purposes of defeasance, obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that cash, obligations described in (a), (b), (c) or (d) above, or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or redemption price of and interest on such obligations.

"Guaranty Agreement" shall mean the agreement entered into between the Township, the Authority, and the Trustee pursuant to which the Township has agreed to make the payments provided therein with respect to the Series 2026 Bonds.

"Interest Payment Date(s)" shall mean, with respect to the Series 2026 Bonds, each June 15 and December 15, commencing on June 15, 2027.

"Nationally Recognized Bond Counsel" shall mean any law firm, selected by the Authority, which is then listed in The Bond Buyer's Directory of Municipal Bond Dealers of the United States (the "Red Book") under the heading "Municipal Bond Attorneys of the United States" (or if the Red Book is not then published or does not then contain such a list, in any equally authoritative publication then being published which contains such a list and is selected by the Authority).

"Opinion of Counsel" shall mean a written opinion of an attorney-at-law or law firm which is not unsatisfactory to the Trustee and the Authority.

"Outstanding", "Outstanding under the Indenture" or "Outstanding hereunder" shall mean, with reference to Bonds as of any particular time, all Bonds executed, authenticated, issued and delivered under the Indenture, except:

(a) Bonds cancelled at or prior to such time;

(b) Bonds for payment of which funds have been deposited with the Trustee or shall have been set aside by the Trustee as provided herein for that purpose and which shall have matured by their express terms but which shall not have been surrendered for payment;

(c) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant hereto;

(d) Bonds for redemption of which funds then shall be held, in trust, by the Trustee; provided, however, that such redemption shall be required by provisions hereof without further action of the Authority, or that notice of such redemption shall have been mailed to the owners of such Bonds; and

(e) Bonds which shall have been purchased and paid for by the Authority or by the Trustee on behalf of the Authority, but which shall not have been delivered for cancellation.

The foregoing, however, shall be subject to the condition that for purposes of reference to Registered Owners of a particular percentage of Bonds, there shall be excluded Bonds, if any, held by the Authority.

"Pledged Revenues" shall mean (a) Assigned Receipts, and (b) all moneys and securities (except moneys and securities held in the Rebate Fund), and the income, interest and profits received therefrom, from time to time held by the Trustee in the Funds established under the Indenture.

"Project" shall mean the Series 2026A Project and the Series 2026B Project, together with the payment of the costs and expenses of issuing and insuring, if necessary, the Series 2026 Bonds.

"Qualified Financial Institution" shall mean (a) any United States domestic institution which is a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 whose uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by S&P Global Ratings and Moody's Investors Services, Inc.; (b) an insurance company with a claims paying ability rated in the highest rating category by the Rating Agencies or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by the Rating Agencies; or (c) any non-United States domestic banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by S&P Global Ratings and Moody's Investors Services.

"Qualified Investments" shall mean investments in any of the following:

(a) Government Obligations;

(b) debt obligations issued by any of the following agencies or such other like governmental or government-sponsored agencies which may be created hereafter: Federal Home Loan Bank System; Federal National Mortgage Association; Export-Import Bank of the United States; Small Business Administration; Inter-American Development Bank; Government National Mortgage Association; or Resolution Funding Corporation;

(c) long-term direct general obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision or of any corporation, provided that such obligations are rated at the time of purchase by the Rating Agencies, in any of the three highest rating categories assigned by the Rating Agencies;

(d) rights to receive the principal of, or the interest on, obligations of states, political subdivisions, agencies or instrumentalities meeting the requirements set forth in subsection (c) above, whether through (i) direct ownership as evidenced by physical possession of such obligations or unmatured interest coupons or by registration as to ownership on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on such obligations;

(e) negotiable and non-negotiable certificates of deposit, including those placed by a third party pursuant to an agreement with the Authority, time deposits, demand deposits, including interest bearing money market accounts, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, banker's acceptances or other similar banking arrangements which are issued by banks, national banking associations, trust companies or savings and loan associations, including the Trustee and any affiliate of the Trustee; provided that, unless issued by a Qualified Financial Institution, any such certificate, deposit or other arrangement shall be continuously secured as to principal in the manner and to the extent provided in the last paragraph of this definition;

(f) repurchase agreements for Qualified Investments described in subparagraph (a) or (b) above with a Qualified Financial Institution or with dealers in government bonds which report to, trade with and are recognized as primary dealers by a Federal Reserve Bank or are members of the Securities Investors Protection Corporation, provided that the repurchase price payable under any such agreement shall be continuously secured in the manner and to the extent provided in the last paragraph of this definition;

(g) investment agreements with Qualified Financial Institutions;

(h) commercial paper rated at the time of purchase in the highest rating category by the Rating Agencies;

(i) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating at the time of purchase by S&P Global Ratings of AAAm-G; AAA-m; or AA-m and if rated by Moody's Investors Services rated Aaa, Aa1 or Aa2, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates;

(j) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates; or

(k) certificates of participation representing an interest in any of the above-listed securities.

With respect to any security required to be maintained for Qualified Investments in the form of certificates of deposit, time deposits, other similar banking arrangements and repurchase agreements described in subsections (e) and (f) above shall be subject to the following:

(i) the collateral shall be in the form of obligations described in subsections (a) or (b) above, except that the security for certificates of deposit, time deposits or other similar banking arrangements may include other marketable securities which are eligible as security for trust funds under applicable regulations of the Comptroller of the Currency of the United States of America or under applicable state laws and regulations; and

(ii) the collateral shall have an aggregate market value, calculated not less frequently than monthly, at least equal to the principal amount (less any portion insured by the Federal Deposit Insurance Corporation or any comparable insurance corporation chartered by the United States of America) or the repurchase price secured thereby, as the case may be. The instruments governing the issuance of and security for the Qualified Investments shall designate the person responsible for making the foregoing calculations; provided that the Trustee shall make such calculations at the expense of the Authority if they are not made by the person so designated and the Trustee received written notice hereof.

"Rating Agency" or "Rating Agencies" shall mean each nationally recognized securities rating agency then maintaining a rating on the Bonds at the request of the Authority, and initially shall mean Moody's.

"Rebate Fund" shall mean the separate Fund created under the Indenture.

"Series 2026 Bonds" shall mean the Series 2026A Bonds and the Series 2026B Bonds.

"Series 2026A Bonds" shall mean the Authority's Guaranteed Revenue Bonds, Series A of 2026.

"Series 2026B Bonds" shall mean the Authority's Guaranteed Revenue Bonds, Series B of 2026.

"Series 2026A Project" shall mean the acquisition, design, development, construction, improvement and maintenance of approximately 62-acres of the Allebach Farm located within the Township.

"Series 2026B Project" shall mean various and sundry capital improvements to the Lederach Golf Club.

"Series 2026A Support Agreement" shall mean the Acknowledgment and Support Agreement by and among the Township, Authority, and the Trustee.

"Series 2026B Support Agreement" shall mean the Acknowledgment and Support Agreement t by and among the Township, Authority, and the Trustee.

"Support Agreement" shall mean the 2026A Support Agreement and the Series 2026B Support Agreement.

"Township" shall mean the Township of Lower Salford, Montgomery County, Pennsylvania.

"Trustee" shall mean U.S. Bank Trust Company, National Association, together with its successors and assigns.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete and is qualified in its entirety by reference to the Indenture.

Pledge and Assignment

Under and pursuant to the Indenture, the Authority assigns, transfers and pledges to the Trustee, and its successors in trust, and grants to the Trustee, and its successors in trust and its and their assigns, a security interest in (collectively, the "Trust Estate"):

(a) Any rights it may have in the Pledged Revenues;

(b) All of the Authority's rights in and to the Support Agreement and all amounts payable to the or for the benefit of the Authority thereunder;

(c) All of the Authority's rights in and to the Guaranty Agreement and all amounts payable to the or for the benefit of the Authority thereunder;

(d) All moneys, investments and deposits held by the Trustee under the Indenture, except moneys, investments and deposits held in the Rebate Fund defined); and

(e) Any proceeds of the foregoing.

Construction Fund

The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Construction Fund." All moneys required to be deposited to the credit of the Construction Fund by the provisions of the Indenture shall be deposited with and held in trust by the Trustee until withdrawn and disbursed by the Trustee in payment of the costs of the Series 2026A Project and the Series 2026B Project, respectively. For the avoidance of doubt, with respect to the Series 2026 Bonds, the Trustee shall establish two subaccounts within the Construction Fund: the "Series 2026A Bonds Construction Fund" and the "Series 2026B Bonds Construction Fund." All the moneys on deposit in the Series 2026A Bonds Construction Fund shall be applied to payment of the capital improvements or capitalized interest, if any, of the Series 2026A Project and all the moneys on deposit in the Series 2026B Bonds Construction Fund shall be applied to payment of the capital improvements or capitalized interest, if any, of the Series 2026B Project.

Upon completion of the Series 2026A Project, the Authority shall deliver to the Trustee a certificate signed by its Chairman or Vice Chairman to the effect that the Series 2026A Project has been completed and specifying the date of such completion. Upon receipt of such certificate, any moneys remaining in the Series 2026A Bonds Construction Fund shall be transferred by the Trustee to the Series 2026A Bonds Debt Service Fund and applied to the next debt service payment.

Upon completion of the Series 2026B Project, the Authority shall deliver to the Trustee a certificate signed by its Chairman or Vice Chairman to the effect that the Series 2026B Project has been completed and specifying the date of such completion. Upon receipt of such certificate, any moneys remaining in the Series 2026B Bonds Construction Fund shall be transferred by the Trustee to the Series 2026B Bonds Debt Service Fund and applied to the next debt service payment.

The moneys in the Construction Fund may, from time to time, at the written direction of the Authority, be invested by the Trustee in the manner specified in the Indenture The Trustee shall not have any liability for any loss sustained as a result of any investment made pursuant to the instructions of the Authority or as a result of any liquidation of any investment prior to its maturity or for the failure of the Authority to give instructions to invest the Construction Fund or any earnings thereon.

The Authority covenants that it will complete the Project as soon as practicable in accordance with plans and specifications and in conformity with the law and all requirements of all governmental authorities having jurisdiction thereover.

Debt Service Fund

The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Debt Service Fund." For the avoidance of doubt, with respect to the Series 2026 Bonds, the Trustee shall establish two subaccounts within the Debt Service Fund: the "Series 2026A Bonds Debt Service Fund" and the "Series 2026B Bonds Debt Service Fund."

The Authority acknowledges that pursuant to the Series 2026A Support Agreement, the Township has irrevocably pledged to distribute the EIT Revenues constituting the Assigned Receipts to the Trustee for deposit into the Series 2026A Bonds Debt Service Fund in the following amounts: (i) on or before each June 1 and December 1 of each year beginning June 1, 2027, an amount equal to the interest due on the Series 2026A Bonds on the next Interest Payment Date therefor and (ii) on or before June 1 of each year, beginning June 1, 2027, an amount equal to the principal amount of the Series 2026A Bonds maturing or subject to mandatory sinking fund redemption on such June 1.

The Authority acknowledges that pursuant to the Series 2026B Support Agreement, the Township has irrevocably pledged to distribute the Golf Course Revenues constituting to the Assigned Receipts to the Trustee for deposit into the Series 2026B Bonds Debt Service Fund in the following amounts: (i) on or before each June 1 and December 1 of each year beginning June 1, 2027, an amount equal to the interest due on the Series 2026B Bonds on the next Interest Payment Date therefor and (ii) on or before June 1 of each year, beginning June 1, 2027, an amount equal to the principal amount of the Series 2026B Bonds maturing or subject to mandatory sinking fund redemption on such June 1.

In the event that the amount deposited by the Authority to the respective Debt Service Fund shall be less than that required hereby, the Trustee shall notify the Authority and the Township pursuant to the provisions of the Support Agreement and the Guaranty Agreement.

The moneys and investments from time to time held in the Debt Service Fund shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds entitled to be paid therefrom, and shall be and hereby are irrevocably pledged for the payment of the principal of, and interest on, the Bonds.

Rebate Fund

Promptly after (not later than 30 days after) the fifth anniversary date of the issuance of the Series 2026 Bonds and each fifth year thereafter, and at final maturity or other retirement of the last Series 2026 Bond, the Authority, using such consultants as it deems necessary, shall calculate the required rebate payable to the United States Government in accordance with Section 148 of the Code and the Authority shall deliver a copy of the calculation to the Trustee. If any amount is so payable, the Authority shall instruct the Trustee in writing to establish a "Rebate Fund" which shall be held separate and apart from all other Funds established under the Indenture. The Authority shall then instruct the Trustee in writing to transfer, from funds available in any Fund which are permitted to be used for such transfer, to the Rebate Fund, or shall otherwise pay to the Trustee for deposit into the Rebate Fund, such amounts as shall be necessary to cause the aggregate amount transferred to or otherwise deposited in the Rebate Fund to equal the required rebate payable to the United States Government in accordance with Section 148 of the Code ("Rebatable Arbitrage"). If the Authority has not provided written directions as to the amount of Rebatable Arbitrage and the deposits to and disbursements from the Rebate Fund in a timely manner, the Trustee may but shall not be required to hire, at the Authority's expense, a consultant or consultants to perform the necessary and appropriate calculations of Rebatable Arbitrage. All amounts in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of the Indenture, and the Trustee shall pay said amounts over to the United States Government from time to time as the Trustee shall be instructed in writing by the Authority pursuant to the terms of the Indenture.

Investment of Funds

Any moneys to the credit of the Construction Fund and the Debt Service Fund may, from time to time, at the written direction of the Authority, be invested by the Trustee in Qualified Investments.

Such investments for the purpose of determining the amounts from time to time in the above-mentioned Funds shall be valued at the cost thereof or market, whichever is lower. Accrued interest and premiums, if any, paid at the time of the purchase of such investments shall be paid from the available moneys in such Funds. Bonds so purchased as an investment of any of said Funds shall be deemed at all times to be a part of such Fund. Interest accruing thereon and any profit realized from such investments shall be credited to the applicable Fund. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Qualified Investments in such funds and accounts, or to credit to Qualified Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Authority acknowledges that the legal obligation to pay the purchase price of any Qualified Investments arises immediately at the time of the purchase. Notwithstanding anything else in the Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in the Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

Investments in the funds and accounts held by the Trustee under the Indenture (except for the Rebate Fund), shall be held by the Trustee in trust for the benefit of the holders of the Bonds secured hereby and are hereby irrevocably pledged as security for the payment of same. Upon a like written direction by the Authority, or whenever the moneys in the funds and accounts held by the Trustee under the Indenture (except for the Rebate Fund) are to be applied and paid out pursuant to any provisions of the Indenture, or whenever (as to such funds and accounts) the Trustee shall deem such action to be advisable, the Trustee shall sell all or any part of the obligations in which the moneys in one or more of such Funds shall be invested, and the proceeds of such sale shall be deposited to the credit of the respective Fund or Funds.

All deposits under the Indenture shall be secured as required under the laws applicable to national banks. All moneys held by the Trustee in trust hereunder shall be kept in a trust account separate and apart from all other funds of the Trustee so that there shall be no commingling of such funds with any other funds of the Trustee.

The Authority hereby specifically covenants and agrees with the holders of the Bonds issued hereunder that no part of the proceeds of the Bonds or any other funds of the Authority shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any of the Bonds to be arbitrage bonds as defined in Section 148 of the Code and the regulations issued thereunder.

Covenants of the Authority

In the Indenture, the Authority covenants, *inter alia:*

(a) it will promptly pay, but only out of Pledged Revenues and other available moneys as provided in the Indenture, the principal of and interest on every Bond issued and to be issued hereunder and secured hereby at the place and on the dates and in the manner specified herein and in said Bonds according to the true intent and meaning thereof;

(b) so long as any of the Bonds secured hereby are Outstanding, none of the Pledged Revenues shall be used for any purpose other than as provided in the Indenture, and that no contract or contracts shall be entered into or any action taken by it which would impair or diminish the rights of the Trustee or of the Registered Owners;

(c) from time to time, it execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of the Indenture;

(d) it will not create or suffer to be created any lien or charge upon the Pledged Revenues or any part thereof except the liens and charges contemplated by the Indenture and that it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, any such lien or charge; provided, however, that nothing in the Indenture shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings;

(e) if the Trustee has made advances to effect the Authority's performance of any of the covenants or agreements contained in the Indenture, the Authority covenants and agrees to pay to the Trustee at once all sums so paid or advanced with interest at an annual rate equal to the interest rate described in the Indenture and the Trustee shall have a lien on the Pledged Revenues of the Authority for such payments or advances prior to that of the Registered Owners;

(f) in order to prevent any accumulation of claims for interest after maturity, the Authority covenants and agrees that it will not directly or indirectly extend, or assent to the extension of, the time of payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, such claim for interest shall not be entitled, in case of any default hereunder, to the benefit or security of the Indenture except subject to the prior payment in full of the principal of all Bonds issued and Outstanding hereunder, and of all claims for interest which shall not have been so extended or funded;

(g) it has filed or caused to be filed, or will promptly file or cause to be filed, a financing statement with the Secretary of the Commonwealth of Pennsylvania pursuant to the provisions of the Pennsylvania Uniform Commercial Code, as amended (the "UCC"), covering the Pledged Revenues. At the written direction of the Authority, the Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee; provided, however, that such filing of continuation statements may be discontinued in the event that the Authority shall file with the Trustee an Opinion of Counsel that continuation statements are no longer required under the provisions of the UCC;

(h) is duly authorized under its certificate of incorporation and all applicable laws to create and issue the Bonds and execute and deliver the Indenture and to pledge the Pledged Revenues purported to be pledged hereby, and all corporate action on its part to that end has been duly and validly taken; the Indenture is and will be a legal binding and enforceable instrument in accordance with its terms except to the extent that the enforcement of the remedies provided for herein may be limited by bankruptcy laws; and the Bonds are and will be valid and binding obligations of the Authority entitled to the benefits and security of the Indenture. The Authority will at all times preserve and protect the security of the Bonds and the rights of the Trustee and the bondholders hereunder;

(i) it will at all times comply with the laws of the Commonwealth of Pennsylvania applicable to the Authority, particularly the Act, and it will take such actions and proceedings as may be required, from time to time, to preserve its corporate existence, rights and franchises;

(j) so long as any of the Bonds secured hereby are Outstanding, the Pledged Revenues shall be used for any purpose other than as provided in the Indenture, and that no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the bondholders might be impaired or diminished;

(k) it will not voluntarily create or permit to be created any debt, lien or charge on parity with or having priority over the lien of the Indenture upon any of the Pledged Revenues pledged hereby or any other revenues at any time pledged for the payment of the Bonds. The Authority covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Pledged Revenues under applicable law;

(l) it will pay all taxes, assessments and other governmental charges lawfully imposed upon it when the same shall become due as well as all lawful claims for labor, material and supplies, which, if unpaid, might by law become a lien or charge of which might impair the security of the Indenture, so that the priority and security of the Indenture shall be preserved, provided that nothing in the Indenture shall require the Authority to pay any such tax, lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings;

(m) it will at all times cause all the property of the Authority which is of a character usually insured by persons operating properties of a similar nature to be properly insured and kept insured by a reputable insurance company or companies against loss or damage by fire or other hazards to the extent that such properties are usually insured by persons operating properties of a similar nature in the same or similar localities and to the extent that a competent insurance broker shall deem adequate;

(n) it will maintain public liability and property damage insurance in such amounts, containing such terms and provisions, and issued by such companies which is of a character usually insured by persons operating properties of a similar nature to the Authority and kept insured by a reputable insurance company or companies to the extent that such insurance is usually carried by persons operating properties of a similar nature in the same or similar localities and to the extent that a competent insurance broker shall deem adequate;

(o) notwithstanding any other provision of the Indenture or any other instrument, it will neither make nor cause to be made any investment or other use of the proceeds of the Bonds which would cause the Bonds to be arbitrage bonds under Section 148 of the Code, and that it will comply with the requirements of such Section and the regulations thereunder throughout the term of the Bonds; and

(p) shall enter into a continuing disclosure undertaking complying with the provisions of SEC Rule 15c2-12(b)(5), if applicable, in order to assist the underwriter of the Series 2026 Bonds in complying with SEC Rule 15c2-12.

Events of Default

Each of the following events shall be an “Event of Default” hereunder:

(a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable; or

(c) the Authority shall fail or refuse to comply with any provision of the Act, or shall for any reason be rendered incapable of fulfilling its obligations hereunder or thereunder; or

(d) a bankruptcy proceeding shall be commenced by or against the Authority, the Authority shall be the subject of an order for relief under the Federal Bankruptcy Code, or an order or decree shall be entered appointing a receiver or receivers of the Authority or of the revenues thereof with the consent or acquiescence of the Authority, or if such order or decree, having been entered without the acquiescence or consent of the Authority, shall not be vacated or discharged or stayed on appeal within thirty (30) days after entry; or

(e) the Authority shall default in due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, in the Indenture, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding.

Acceleration of Maturities

In any such case of an Event of Default, the Trustee shall, upon written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, by notice in writing delivered to the Authority, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon such declaration the said principal, together with the interest accrued thereon, shall become due and payable, immediately, at the place of payment provided therein, anything in the Indenture or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of said Bonds shall have been so declared to be due and payable, all arrears of interest upon the Bonds, and interest on overdue installments of interest at the annual rate of interest of such Bonds shall have been paid by the Authority, and the Authority shall also have performed all other things in respect to which it may have been in default hereunder, and shall have paid the reasonable charges of the Trustee and its counsel and of, the holders of said Bonds, including reasonable attorney's fees paid or incurred, then, in every such case, the holders of a majority in principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may waive such default and its consequences and such waiver shall be binding upon the Trustee and upon all Registered Owners of Bonds issued hereunder; but no such waiver shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by Trustee

Upon the happening of any Event of Default specified in the Indenture of which the Trustee has actual knowledge pursuant to the Indenture and its continuance for the period, if any, specified in the Indenture, then, in every such case the Trustee, in its discretion may, and upon the written request of the Owners of at holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, and upon receipt of indemnity to its satisfaction, shall, in its own right:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners, including the right to require the Authority to carry out any other agreements with or for the benefit of the Registered Owners and to perform its or their duties under the Act;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Registered Owners; and

(d) by action or suit in equity seek to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners.

Discontinuance of Proceedings by Trustee; Registered Owners May Direct Proceedings

In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Anything in the Indenture to the contrary notwithstanding, but with respect to the Series 2026 Bonds, upon provision of satisfactory indemnity to the Trustee, the holders of a majority in principal amount of the Bonds then Outstanding hereunder shall have the right, by an instrument in writing, executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

Limitations on Actions by Bondholders

No Registered Owner of any of the Bonds shall have any right to institute any action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder or on said Bonds, unless such Registered Owner previously shall have given to the Trustee written notice of an Event of Default as provided, nor unless also the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceedings in its or their name; nor unless, also, there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request, within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of such Outstanding Bonds.

Trustee May Enforce Rights Without Possession of Bonds

All rights of action under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Registered Owners of the Bonds, subject to the provisions of the Indenture.

Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Trustee or to the Registered Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Delays and Omissions Not to Impair Rights

No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default, shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee and the Registered Owners of the Bonds, respectively, may be exercised from time to time, and as often as may be deemed expedient.

Application of Moneys in Event of Default

Any money received by the Trustee in the enforcement of the Indenture shall be earmarked as to the source thereof and shall be applied:

(a) first: to the payment of the fees, counsel fees and expenses of the Trustee and of the receiver, if any, and all costs and disbursements allowed by the court, if there be any court action;

(b) second: to the payment of the whole amount of principal and interest which shall then be unpaid and owing upon the respective Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest ratably, without preference or priority of principal over interest or of interest over the principal or any installment of interest over any other installment of interest, except as hereinbefore provided in the Indenture; and

(c) third: to the payment of the surplus, if any, to the Authority, or to whoever is lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Receiver

As provided by the Act, the Trustee shall be entitled as of right to the appointment of a receiver, and the Trustee, the Registered Owners and any receiver so appointed shall have all rights and powers and shall be subject to such imitations and restrictions as are contained in the Act.

Remedies Under Act

It is the purpose and intention of the Indenture to provide such rights and remedies to the Trustee and Registered Owners as may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the bondholders shall be entitled, as above set forth, to every right and remedy as provided by the Act, in the Indenture.

Obligation to Act on Defaults

The Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding and, if in its opinion such action may tend to involve it in expense or liability, unless furnished from time to time as often as it may require with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of the Indenture to the Trustee to take action in respect of any default without such notice or request from the holders, or without such security or indemnity.

Resignation or Removal of Trustee

The Trustee may resign and be discharged from the trust created by the Indenture, by executing an instrument in writing, resigning such trust, specifying the date when such resignation shall take effect, and filing the same with the Secretary of the Authority not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation to Registered Owners and any other affected person, by first class mail postage prepaid. Such resignation shall take effect only upon the appointment and acceptance of a successor Trustee. If a successor trustee is not named within sixty (60) days after the date set forth in the written resignation, the Trustee may petition the court to appoint a successor trustee.

The Trustee may be removed at any time with thirty (30) days' notice by an instrument in writing, appointing a successor Trustee, filed with the Trustee and executed by (a) the holders of a majority in principal amount of the Bonds Outstanding; or (b) the Authority provided that no Event of Default has occurred and is continuing hereunder. Such removal shall take effect only upon the appointment of a successor trustee and such successor trustee's acceptance of such appointment. If a successor trustee is not named within thirty (30) days after the date set forth in the written resignation, the Trustee may petition the court to appoint a successor trustee.

Appointment of Successor Trustee

In case at any time the Trustee, or any Trustee hereinafter appointed, shall be dissolved or its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and *ipso facto* exist in the office of Trustee; a successor may be appointed by the holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Secretary of the Authority, signed by such Registered Owners or by their attorneys in fact duly authorized. Copies of each instrument shall be promptly delivered by the Authority to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Registered Owners as herein authorized, the Authority, by an instrument authorized by resolution of its Board, shall appoint a Trustee to fill such vacancy within thirty (30) days of the proceedings or removal of the Trustee. After any appointment by the Authority, it shall cause notice of such appointment to be given to all Registered Owners and to any other affected person by first class mail postage prepaid. Any new Trustee so appointed by the Authority shall immediately and without further act be superseded by a Trustee appointed by the Registered Owners in the manner above provided.

Qualification of Successor

Every successor Trustee appointed pursuant to the provisions of the Indenture shall be a national banking association organized under the laws of the United States of America or a trust company or bank in good standing having an office in or incorporated under the laws of the Commonwealth of Pennsylvania duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than $75,000,000.

Amendments of the Indenture Without Registered Owners' Consent

The Authority and the Trustee may, from time to time and at any time, enter into a supplemental indenture (a) to cure any ambiguity, formal defect or omission in the Indenture, (b) to change any date (other than dates of payment of principal or interest on the Bonds) in the Indenture, provided that the Trustee is furnished with an opinion of Nationally Recognized Bond Counsel that such change will not adversely affect Registered Owners, (c) to grant to and confer upon the Registered Owners, or to the Trustee for the benefit of the Registered Owners, any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Registered Owners or the Trustee, (d) to effect changes to secure or maintain a rating, (e) to make any change that does not, in the opinion of Nationally Recognized Bond Counsel, materially adversely affect the rights of any bondholders or any bond insurer or (f) to effect amendments to the Indenture required by a bond insurer with respect to insuring the Series 2026 Bonds with municipal bond insurance.

Amendments With Registered Owners' Consent

The Indenture may also be amended or modified from time to time (except with respect to the interest payable upon the Bonds, or with respect to the dates of maturity or redemption provisions of the Bonds) by a supplemental indenture executed by the Authority and the Trustee, authorized by a Certified Resolution with the written approval of the consent of the holders of not less than a majority in principal amount of the Bonds then Outstanding.

Amendment of Support Agreement or Guaranty Agreement

The Trustee agrees that it shall not enter into or consent to any modification to the Support Agreement or the Guaranty Agreement which would materially adversely affect the rights of the Registered Owners of the Outstanding Bonds.

Defeasance

When interest on, and principal or redemption price (as the case may be) of, all Bonds issued hereunder have been paid, or there shall have been deposited with the Trustee an amount, evidenced by cash or Government Obligations (described in clauses (a) and (b) of the definition thereof) and the principal of and interest on such cash or Government Obligations when due, will provide sufficient monies to pay the Bonds in full, as well as all other sums payable hereunder by the Authority, the right, title and interest of the Trustee shall thereupon cease and the Trustee, on written demand of the Authority, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority, or to such person, body or authority as may be entitled to receive the same, all balances remaining in any Funds hereunder.

In the event of an advance refunding of the Series 2026 Bonds, the Authority shall cause to be delivered to the Trustee, at least three (3) business days prior to any such advance refunding, (X) an escrow agreement, (Y) a verification report of an independent nationally recognized certified public accountant selected by the Authority that verifies the sufficiency of the moneys and Government Obligations (described in clauses (a) and (b) of the definition thereof) deposited with respect to the Series 2026 Bonds, addressed to the Trustee, and (Z) an opinion of Nationally Recognized Bond Counsel addressed to the Trustee to the effect that, upon the deposit of funds and Government Obligations as described in the verification report, the Bonds being refunded shall be no longer Outstanding. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a verification report, an opinion of Nationally Recognized Bond Counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the Series 2026 Bonds of the interest on the Series 2026 Bonds for federal income tax purposes.

(b) The Authority will not exercise any prior optional redemption of the Series 2026 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (B) as a condition to any such redemption there shall be provided to the Trustee a verification report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Authority shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Trustee.

The Series 2026 Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.