

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: “___” (Insured)
Moody’s: “Aa3” (Underlying)
 See “Rating” herein

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, subject to the conditions described in “TAX MATTERS” herein. In addition, interest on the Bonds will not be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of calculating the individual alternative minimum tax. For purposes of the 15% federal minimum tax that is imposed on “applicable corporations” (as defined in the 2022 Inflation Reduction Act (the “2022 Act”)), for taxable years beginning after December 31, 2022, interest on the Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the 2022 Act). Under the existing laws of the Commonwealth of Pennsylvania, interest on the Bonds will be free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. For a more complete discussion, see “TAX MATTERS” herein.

The Township has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 (b)(3) of the Code. For a more complete discussion, see “TAX MATTERS - Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations” herein.

\$6,000,000*

Township of Upper Moreland
Montgomery County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery

Principal Due: September 1, as shown on inside cover

Interest Due: March 1 and September 1

First Interest Payment: March 1, 2026

The General Obligation Bonds, Series of 2025 (the “Bonds”) in the aggregate principal amount of \$6,000,000* will be issued in registered form 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.

The Bonds are general obligations of the Township of Upper Moreland, Montgomery County, Pennsylvania (the “Township”), payable from its tax and other general revenues. The Township has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance, hereinafter defined, or from any other of its revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the Township irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable real property within the Township presently unlimited as to rate or amount for such purpose.

Interest on each of the Bonds is payable initially on March 1, 2026 and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond. The Township has appointed U.S. Bank Trust Company, National Association (the “Paying Agent”), as paying agent, registrar and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, 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 and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Philadelphia, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check 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.

Proceeds of the Bonds will be applied towards paying the costs for: (1) certain capital improvements and repairs to Township facilities and properties to be made pursuant to the Township’s approved capital improvement schedule; (2) the renovation and construction of the Township’s administration building and related improvements; and (3) the costs of issuing the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS
 {As Shown on Inside Cover}

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the legal opinion of Obermayer Rebmann Maxwell & Hippel LLP, Bond Counsel, of Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Township by Kilkenny Law, LLC, Township Solicitor, of Norristown, Pennsylvania. PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, will serve as the Financial Advisor to the Township in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about July 22, 2025.

PFM Financial Advisors LLC
 Financial Advisor to the Township

Dated: _____

*Estimated, subject to change.

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

\$6,000,000*
Township of Upper Moreland
Montgomery County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: September 1, as shown below
First Interest Payment: March 1, 2026

MATURITIES, AMOUNTS, RATES, PRICES/YIELDS AND CUSIP NUMBERS

<u>September 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yields</u>	<u>CUSIP Numbers⁽¹⁾</u>
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
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2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Township 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 Township 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.

(A portion of the Bonds may be structured as Term Bonds. See "Invitation to Bid".)

*Estimated; subject to change.

TOWNSHIP OF UPPER MORELAND

Montgomery County, Pennsylvania

TOWNSHIP BOARD OF COMMISSIONERS

Clifton McFatrige	President
Cheryl Lockard	Vice-President
Nicholas O. Scull	Member
Benjamin W. Olszewski	Member
Charles M. Whiting	Member
Demond Mullen	Member
Anthony Benvenuti	Member

OTHER MUNICIPAL OFFICIALS

Patrick T. Stasio Township Manager/Secretary
John Bates Assistant Township Manager/Director of Finance
Alex Levy Treasurer

TOWNSHIP SOLICITOR

KILKENNY LAW, LLC
Norristown, Pennsylvania

BOND COUNSEL

OBERMAYER REBMANN MAXWELL & HIPPEL LLP
Philadelphia, Pennsylvania

FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT

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

TOWNSHIP ADDRESS

117 Park Avenue
Willow Grove, Pennsylvania 19090-3215

No dealer, broker, salesman or other person has been authorized by the Township to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other 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, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Township and from other sources which are believed to be reliable but the Township does not guarantee the accuracy or completeness of information from sources other than the Township. 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 has been no change in any of the information set forth herein since the date hereof.

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PRELIMINARY OFFICIAL STATEMENT

\$6,000,000*

**Township of Upper Moreland
Montgomery County, Pennsylvania
General Obligation Bonds, Series of 2025**

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by the Township of Upper Moreland, Montgomery County, Pennsylvania (the "Township"), in connection with the offering of its \$6,000,000* aggregate principal amount General Obligation Bonds, Series of 2025, dated as of the date of delivery (the "Bonds"). The Bonds are being issued pursuant to an Ordinance of the Township Commissioners adopted on June 2, 2025 (the "Ordinance"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. Chs. 80-82 (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be applied towards paying the costs for: (1) certain capital improvements and repairs to Township facilities and properties to be made pursuant to the Township's approved capital improvement schedule; (2) the renovation and construction of the Township's administration building and related improvement; and (3) the costs of issuing the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

Sources of Funds

Par Amount.....	_____
Original Issue Premium/Discount.....	_____
Total Sources of Funds.....	=====

Uses of Funds

Construction Fund Deposit.....	_____
Issuance Costs ⁽¹⁾	_____
Total Uses of Funds.....	=====

⁽¹⁾Includes legal, financial advisor, printing, rating, total bond discount, CUSIP, paying agent, municipal bond insurance and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Payment of Principal and Interest

Principal of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the corporate trust office of the Paying Agent located in Philadelphia, Pennsylvania.

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 March 1, 2026, in which event such Bond shall bear interest from July __, 2025, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest on the Bonds shall be paid initially on March 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Township 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 Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date, but not more than thirty (30) days prior to the payment of such defaulted interest. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania (the "Commonwealth") are authorized or required 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 or required 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.

Security

The Bonds will be general obligations of the Township, payable from its taxes and other general revenues. The Township has covenanted that it will include in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the Township irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable property within the Township, presently without limitation as to rate or amount for such purpose. The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein).

Transfer, Exchange and Registration of Bonds

The Township and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifth (5th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.

Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of 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 Township and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Township and the Paying Agent shall not be affected by any notice to the contrary.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund-General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been created under the Ordinance and is maintained by the Paying Agent, as sinking fund depository. The Township shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the Township. Such deposits and securities shall be in the name of the Township, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the Township to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Purchases of 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 ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 affect 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

NEITHER THE ISSUER NOR THE PAYING AGENT 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 ORDINANCE 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 Paying Agent 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.

BOND INSURANCE

[TO BE DETERMINED]

BOND INSURANCE RISK FACTORS

The Township has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Township has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Township which is recovered by the Township from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Township unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable agreements.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the applicable agreements. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description under "RATINGS" below.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Township or Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

REDEMPTION OF BONDS

Mandatory Redemption

Bidders may elect to structure the issue to include term bonds, which term bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed shall be selected by lot by the Paying Agent.

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

Optional Redemption

The Bonds stated to mature on or after September 1, 2031, shall be subject to redemption prior to maturity, at the option of the Township, as a whole, on September 1, 2030, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the Township and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds redeemed, together with accrued interest to the redemption date.

On the date designated for redemption, notice having been mailed as provided in the Ordinance, and money for payment of the principal and accrued interest being held by the Paying Agent (hereinafter defined), interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and registered owners thereof shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Ordinance, 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.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the Township shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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 that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond 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.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, 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 or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE TOWNSHIP

Description

The Township is located in southeastern Montgomery County and covers an area of 7.5 square miles. The Township is located in the Philadelphia Primary Metropolitan Statistical Area approximately 15 mile north of downtown Philadelphia. The Township is bounded on the west by the Borough of Hatboro, on the south by Upper Dublin and Horsham Townships, on the east by Abington and Lower Moreland Townships and the Borough of Bryn Athyn, and on the north by Bucks County.

Character

The Township is principally a middle-income residential suburb of Philadelphia with a commercial area located in the unincorporated community of Willow Grove. Office, commercial, institutional, and industrial development has taken place in the Willow Grove Industrial and Office Center located adjacent to the Willow Grove Interchange of the Pennsylvania Turnpike, which passes through the Township. For a more detailed description of the Township's economic and demographic description see Appendix A herein.

Township Government

The Township is a township of the first class under the laws of the Commonwealth of Pennsylvania, the governing body of which is the Board of Commissioners (the "Board"). The Board consists of seven members elected from each of the Township's seven wards with each member elected for a four year term.

The Board has, by Ordinance, established the office of Township Manager. The Township Manager is appointed by, and serves at the discretion of the Board, to administer the daily operations of the Township. The current Township Manager was appointed in 2024. In addition to the Township Manager, the operations of the Township are carried out by other appointed officials and employees of the Township, including the Assistant Manager/Director of Finance, Chief of Police, Director of Code Enforcement, Director of Public Works, Director of Emergency Services and Director of Parks and Recreation.

Real estate taxes of the Township are collected by the Treasurer, who serves as tax collector, and is an elected official. Beginning in 2006, Berkheimer Associates, as designated by the tax collection committee of Montgomery County, was appointed to collect the earned income taxes imposed by the Township under the Local Tax Enabling Act (as hereafter defined). In 2020,

Berkheimer Associates was appointed to collect the local services tax imposed by the Township under the Local Tax Enabling Act. Other taxes imposed by the Township under the Local Tax Enabling Act (as hereafter defined) are collected by the Tax Enforcement Officer within the administrative offices of the Township.

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TOWNSHIP FINANCES

Introduction

The Township’s financial statements include Township operations, but excludes the Upper Moreland-Hatboro Joint Sewer Authority (which provides sewer service to the Township), the Willow Grove Volunteer Fire Company No. 1 (which provides services as the Township Fire Department), and the Second Alarmers’ Association and Rescue Squad (which provides ambulance services to the Township).

Financial Reporting

The Township’s governmental and fiduciary fund types utilize the modified accrual basis of accounting. Under this method, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

The Township’s financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Clifton Larson Allen LLP, of Plymouth Meeting, Pennsylvania serves as Township auditor.

Summary of Fund Revenues, Expenditures and Changes in Fund Balances

A summary of the balance sheet and receipts and expenditures in fund balances are presented in Tables 1 and 2 which follow. The budgets for 2024 and 2025 is projecting a balanced budget of receipts and expenditures.

**TABLE 1
TOWNSHIP OF UPPER MORELAND
GENERAL FUND BALANCE SHEET**

ASSETS	2019	2020	2021	2022	2023
Cash and Cash Equivalents	\$6,378,887	\$7,099,189	\$7,677,360	\$9,825,852	\$2,469,540
Investments	265,838	271,827	274,556	277,285	6,183,293
Due from other funds	109,435	0	1,103,209	6,126	427,725
Taxes receivable, net	120,606	63,786	55,365	28,922	0
Other receivables	1,944,207	2,149,760	2,321,380	1,898,438	1,933,012
Due from other governments	0	0	0	0	0
TOTAL ASSETS	\$8,818,973	\$9,584,562	\$11,431,870	\$12,036,623	\$11,013,570
LIABILITIES					
Accounts payable and accrued wages	\$488,829	\$1,208,942	\$1,787,839	\$1,894,922	\$1,937,789
Due to other funds	0	54,647	0	6,834	115,945
Unearned Revenues	47,391	49,155	1,309,906	2,286,381	1,850,830
TOTAL LIABILITIES	\$536,220	\$1,312,744	\$3,097,745	\$4,188,137	\$3,904,564
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	\$782,643	\$805,317	\$861,938	\$508,662	\$441,963
FUND EQUITIES					
Reserved for:					
Public safety	\$20,443	\$20,443	\$20,443	\$20,443	\$20,443
Public works	898,059	919,823	658,903	485,978	266,993
Open space	183,629	225,019	241,479	235,584	232,476
Nonspendable	120,606	63,786	55,365	28,922	0
Unreserved, reported in:					
General Fund	6,277,373	6,237,430	6,495,997	6,568,897	6,147,131
TOTAL FUND EQUITIES	\$7,500,110	\$7,466,501	\$7,472,187	\$7,339,824	\$6,667,043
TOTAL FUND EQUITIES	\$8,818,973	\$9,584,562	\$11,431,870	\$12,036,623	\$11,013,570

Source: Financial Audits and Township officials.

TABLE 2

TOWNSHIP OF UPPER MORELAND
RECEIPTS AND EXPENDITURES*

REVENUES:	Actual			Unaudited	Budgeted	Budgeted
	2021	2022	2023	2024	2024 ⁽¹⁾	2025 ⁽²⁾
Taxes	\$19,486,448	\$20,626,000	\$20,886,247	\$21,571,504	\$20,790,787	\$21,379,705
Fees, licenses and permits	583,618	566,635	542,231	501,662	535,000	460,000
Investment income and rent	22,940	143,113	431,178	351,940	0	350,000
Intergovernmental revenues	947,365	1,504,012	3,041,533	3,003,879	1,620,898	1,030,359
Fines and forfeitures	152,808	127,691	152,427	146,829	149,500	132,500
Program revenues	0	0	0	0	0	0
Charges for services	2,576,912	2,720,760	2,832,145	2,946,424	3,052,050	3,358,302
Other	346,769	237,487	481,674	225,042	823,037	816,013
TOTAL REVENUE	\$24,116,860	\$25,925,698	\$28,367,435	\$28,747,280	\$26,971,272	\$27,526,879
EXPENDITURES:						
Current:						
General Government	\$3,157,911	\$3,264,666	\$5,221,671	\$2,962,202	\$2,839,217	\$2,716,801
Public Safety	12,312,223	12,963,054	12,903,718	8,820,745	8,499,775	8,865,052
Sanitation	2,307,483	2,384,524	2,733,779	2,332,465	1,755,647	2,128,073
Highways and roads	3,584,531	4,347,479	4,084,683	3,167,714	2,616,355	2,396,511
Culture and recreation	2,649,026	2,998,338	4,186,206	2,032,360	2,791,025	2,836,964
Miscellaneous Expenditures	0	0	0	9,487,169	8,469,253	8,583,479
TOTAL EXPENDITURES	\$24,011,174	\$25,958,061	\$29,130,057	\$28,802,655	\$26,971,272	\$27,526,880
EXCESS REVENUES (EXPENDITURES)	\$105,686	(\$32,363)	(\$762,622)	(\$55,375)	\$0	(\$1)
Proceeds from sale of fixed assets	\$0	\$0	\$89,841	\$0		
Operating Transfers In	0	0	0	0		
Operating Transfers Out	(100,000)	(100,000)	0	0		
AND (USES)	(\$100,000)	(\$100,000)	\$89,841	\$0		
EXCESS OF REVENUES AND OTHER						
Sources Over (Under)						
Expenditures and Other Uses	\$5,686	(\$132,363)	(\$672,781)	(\$55,375)		
FUND BALANCE BEGINNING	7,466,501	7,472,187	7,339,824	6,667,043		
FUND BALANCE ENDING	\$7,472,187	\$7,339,824	\$6,667,043	\$6,611,668		

*Totals may not add due to rounding.

⁽¹⁾Budget as adopted December 4, 2023.

⁽²⁾Budget as adopted December 2, 2024.

See "Summary and Discussion of Financial Results" herein.

Source: Township Annual Financial Reports and Budget.

Taxing Powers

The Board of Township Commissioners for any township of the first class may, by ordinance, levy taxes upon all real property and upon all occupations, or upon real property alone, within the Township made taxable for township purposes, as ascertained by the last adjusted valuation for township purposes, for the purposes and at the rates specified below:

1. An annual township tax, for road, bridge, and general township purposes, not exceeding 14 mills. Where the Board of Commissioners, by a majority action, shall, upon due cause shown, petition the court of common pleas for the right to levy additional millage, the court, after such public notice as it may direct and after hearing, may order a greater rate than fourteen mills but not exceeding five additional mills, to be levied.
2. Upon receipt of a petition of a majority of the owners of real estate of the township requesting it, an annual tax, not exceeding five mills, for the purpose of lighting the highways, roads and other public places in the townships, and of defraying the costs, charges and expenses thereof.
3. An annual tax so long as necessary not exceeding fifty percent of the rate of assessment for the township tax, for the purpose of procuring a lot and erecting a building thereon for a townhouse, and for the payment of indebtedness incurred in connection therewith.
4. An annual tax, not exceeding three mills, pursuant to provision therefor in the township budget, for the purpose of purchasing and maintaining fire apparatus, for the purpose of making appropriations to fire companies both within and without the Township and of contracting with adjacent municipalities or volunteer fire companies therein for fire protection, for the purpose and maintenance of fire apparatus, and for the purpose of providing a suitable place for the housing of fire apparatus.
5. A tax not exceeding two mills for the purpose of establishing and maintaining fire hydrants and fire hydrant water service, after obtaining the assent of fifty-one per centum of the electors of the township voting thereon in the manner provided by the Code.
6. A tax, for the purpose of maintaining and operating parks, playgrounds, playfields, gymnasiums, public baths, swimming pools and recreation centers.
7. An annual tax sufficient to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act.
8. An annual tax, not exceeding one-half mill, for the purpose of supporting ambulance and rescue squads serving the Township.
9. A special tax for the purpose of maintaining a public library after obtaining approval of the electors of the Township voting thereon, but appropriations for library purposes are not limited to those made from special tax levies.

Whenever the assent of the electors is required as hereinbefore provided, the same shall be expressed at an election to be held at the place and time of any general, special or primary election, and under the same regulations as provided by law for the holding of municipal elections.

Under the Act of December 31, 1965, P.L. 1257, effective January 1, 1966, 53 P.S. Section 6901 *et seq.*, (the "Local Tax Enabling Act"), which replaces and repeals Act 481 of June 25, 1947, P.L. 1145, certain additional taxes may be levied by townships of the first class (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:

Per Capita Tax.....	\$10
Gross Receipts of Wholesalers.....	1 mill
Gross Receipts of retailers.....	1 ½ mills
Gross Receipts of service industries (Business Privilege).....	3 mills
Wages, salaries, commissions and other earned income of individuals.....	1%
Transfer of title of real property.....	1%
Flat rate occupation.....	\$10
Emergency and Municipal Services Tax, formerly known as the Occupational Privilege Tax (maximum rate)	\$52.00
Amusement (except Motion Picture Theaters).....	10%
Mechanical Devices Tax.....	10%

The above taxes, under the Local Tax Enabling Act, are subject to the limitation that the aggregate of such taxes may not exceed the product obtained by multiplying the latest total market valuation of real estate in the Township by twelve mills.

The Township's Local Enabling Tax collection for 2020-2023 and estimated 2024 is depicted in the chart below.

	2020	2021	2022	2023	est 2024
Real Estate Transfer Tax.....	\$566,889	\$874,228	\$1,082,358	\$451,109	\$977,953
Occupational Privilege Tax	0	0	0	0	0
Local Services Tax	462,337	519,302	667,697	665,195	670,507
Earned Income Tax.....	4,014,056	4,330,071	4,547,629	4,878,786	4,942,926
Mercantile Tax.....	1,453,948	1,628,734	2,032,584	1,868,371	1,852,175
Business Privilege Tax	3,630,052	3,127,954	3,404,796	3,652,745	3,158,303
Prior Year Collections	791,200	690,863	586,956	712,942	1,017,769
Total.....	\$10,918,482	\$11,171,152	\$12,322,020	\$12,229,148	\$12,619,633

Source: Township officials.

**TOWNSHIP OF UPPER MORELAND
REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

Year	Upper Moreland Township (mills)	County (mills)*	School District (mills)	Total Combined (mills)	Share of Total Rates Levied By Upper Moreland Township (%)
2020	5.469	3.8490	32.5816	41.8996	13.05%
2021	5.667	4.0220	33.5344	43.2234	13.11%
2022	5.950	4.3130	34.6745	44.9375	13.24%
2023	6.258	4.6270	36.1000	46.9850	13.32%
2024	7.080	5.1780	37.7761	50.0341	14.15%
2025	7.309	5.6420	39.5138	52.4648	13.93%

*Includes mills dedicated to the Montgomery County Community College which began in 2017.

Source: Township officials.

Real Estate Valuation

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment in Montgomery County was in 1998.

Property Assessments

A five year trend of land use in the Township is classified by the most recent land assessed valuation of real property by the Pennsylvania State Tax Equalization Board, appears below:

**TOWNSHIP OF UPPER MORELAND
ASSESSMENT BY LAND USE**

	2019	2020	2021	2022	2023
Residential	\$934,942,327	\$934,775,487	\$934,739,037	\$935,573,207	\$935,449,177
Lots	2,932,051	2,798,331	2,848,111	2,875,241	2,881,131
Industrial	70,814,720	72,209,720	71,670,720	69,811,030	71,346,720
Commercial	484,026,335	487,169,335	522,188,365	528,474,057	532,110,419
Agriculture	5,873,210	5,873,210	5,873,210	5,873,210	5,873,210
Minerals	0	0	0	164,540	164,540
Total	\$1,498,588,643	\$1,502,826,083	\$1,537,319,443	\$1,542,771,285	\$1,547,825,197

Source: Pennsylvania State Tax Equalization Board.

Property valuations have increased during the past decade due to office, commercial, institutional, and industrial development taking place in Willow Grove Industrial and Office Center and the increased value of homes in the Township.

The assessed valuation and market valuation of real property in the Township and the County for 2022 and 2023, as reported by the Pennsylvania State Tax Equalization Board, are shown below:

REAL PROPERTY ASSESSMENT DATA

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
<i>Upper Moreland Township</i>	\$2,738,697,064	\$1,542,771,285	\$2,748,674,608	\$1,547,825,197
Montgomery County	111,811,536,551	61,967,163,014	110,110,761,459	62,456,390,017

The budgeted assessed valuation for the Township for 2023 is \$1,540,000,000 according to Township officials, continuing the increasing trend in assessed values in the Township.

**TOWNSHIP OF UPPER MORELAND
CONSTRUCTION HISTORY
(2020-2024)**

Building Permits

Township issuance of building permits is summarized below:

Value of Construction	2020	2021	2022	2023	est. 2024
New Residential.....	\$250,000	\$1,894,000	\$797,000	\$275,000	\$655,000
New Nonresidential	363,400	7,500,000	19,914,300	0	645,000
Alterations, Additions, Conversions ..	30,632,344	50,905,667	16,076,122	18,338,261	12,125,201
Total	\$31,245,744	\$60,299,667	\$36,787,422	\$18,613,261	\$13,425,201
Number of Permits.....					
New residential	1	3	4	1	3
New nonresidential	1	1	8	0	1
Alterations, Additions, Conversions ..	1,764	1,278	574	567	517
Building demolitions	3	10	5	2	10
Total	1,769	1,292	591	570	531

Source: Township officials.

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Tax Collection Procedures

The real estate tax collection process of the Township entitles all taxpayers subject to the payment of real estate taxes to a discount of two percent (2%) from the amount thereof within two months after the date of the tax notices. Remittances between two (2) months and four (4) months are paid at face value. Thereafter, the penalty for late payment is ten percent (10%) of the amount of the tax. Unpaid taxes after one year are turned over to the Montgomery County Tax Claim Bureau; a tax sale is conducted on the property if settlement on taxes is not made within one additional year.

The following table indicates the Township’s assessed valuations of real property, tax levy, and current and total real estate collections for the years 2020-2023 and estimated 2024.

**TOWNSHIP OF UPPER MORELAND
REAL PROPERTY TAX COLLECTION DATA**

Year	Tax Levy	Current Collections	Total Collections as Percent of Total Adjusted Flat Billing
2020	\$8,218,957	\$8,191,073	99.66%
2021	8,711,989	8,818,165	101.22%
2022	9,179,489	9,110,157	99.24%
2023	9,686,290	9,426,715	97.32%
2024 (est.)	10,876,691	10,751,480	98.85%

Source: Township officials

The ten (10) largest taxpayers in the Township and their 2024 assessed valuations are as follows. The aggregate assessed value of these ten taxpayers totals approximately 12.0 percent of total assessed value.

**TOWNSHIP OF UPPER MORELAND
TEN LARGEST REAL PROPERTY TAXPAYERS, 2024**

Owner	Property	2024 Assessed Value
GOOD MAC REALTY PARTNERS LP	Shopping Center	\$29,140,240
BLAIR MILL ASSOCIATES	Apartment Complex	24,669,740
JERC PARTNERS XXIX LLC	Apartment Complex	23,711,580
2405 MARYLAND ROAD PROPERTY OWNER LLC	Apartment Complex	21,384,000
NEW CENTURY ASSOCIATES GROUP LP	Shopping Center	20,636,000
FEDERAL REALTY INVESTMENT TRUST	Shopping Center	15,336,130
FULMOR HEIGHTS HOME OWNERSHIP ASSN	Condominiums	14,601,630
JAMESTOWN VILLAGE APARTMENTS LP	Apartment Complex	13,602,600
MAPLE VILLAGE	Retirement Center	11,796,270
MICHAELS BRUCE D REALTY PARTNERS	Department Stores	11,490,500
Total		\$186,368,690

Source: Township Officials.

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Financial History and Outstanding Financing

The Township has regularly issued and repaid, in a timely manner, short-term debt to finance specific, smaller capital improvement projects.

A summary of the Townships Direct and Overlapping Debt is included under the following “Statement of Indebtedness.”

**DEBT AND DEBT LIMITS
STATEMENT OF INDEBTEDNESS
Net Direct Bond and Bond Indebtedness
(As of June 1, 2025) ***

	Gross Outstanding
GENERAL OBLIGATION DEBT	
General Obligation Bonds, Series of 2025	\$6,000,000
General Obligation Bonds, Series of 2022	2,793,103
General Obligation Bonds, Series of 2021	7,400,000
Total General Obligation Debt	\$16,193,103
 TOTAL LEASE RENTAL DEBT	 \$0
 TOTAL DIRECT DEBT	 \$16,193,103
 OVERLAPPING DEBT	
Montgomery County ⁽¹⁾	\$16,603,615
School District of Upper Moreland Township ⁽²⁾	79,995,000
TOTAL OVERLAPPING DEBT	\$96,598,615
TOTAL DIRECT AND OVERLAPPING DEBT	\$112,791,718
 DEBT RATIOS	
Per Capita	\$4,318.87
Percent Assessed Value	7.29%
Percent Market Value	4.10%

*Taking into effect the issuance of the Bonds. Estimated, subject to change.

⁽¹⁾Pro rata 2.50% share of \$665,133,904.08 principal amount outstanding.

⁽²⁾Does not include State Reimbursement for School District.

Sources: Township officials, Montgomery County officials, and Upper Moreland Township.

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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 calendar years ended next preceding the date of incurring debt. The Township calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2022	\$26,474,970
Total Revenues for 2023	28,059,129
Total Revenues for 2024 (unaudited)	29,698,298
Total	\$84,232,397
<hr/>	
Annual Arithmetic Average (Borrowing Base).....	\$28,077,466

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:

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt Limit:			
250% of Borrowing Base.....	\$70,193,664	\$16,193,103	\$54,000,561
Net Nonelectoral and Lease Rental Debt Limit:			
350% of Borrowing Base.....	\$98,271,130	\$16,193,103	\$82,078,027

*Estimated, subject to change. Includes the Bonds being offered through this Preliminary Official Statement.

Debt Service Requirements

The Township has never defaulted on payment of principal or interest on any of its obligations.

Future Financing

The Township may consider issuing additional long-term debt of approximately \$20 million over the next 2 years.

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Labor Relations

Township employees are represented by two collective bargaining units as follows:

Union	Represents	Current Contract Expires
Upper Moreland Police Benevolent Association	Police Officers	12/31/2026
Teamsters Local 107	Non-uniformed & Clerical employees	12/31/2026

The Township employees have never gone on strike.

Source: Township officials.

The Township employs 110 full time and 41 part time employees as well as 23 seasonal part time employees. There are three groups of employees organized for the purpose of collective bargaining: the Police Department, Public Works Department and Administrative support (clerical employees). There has never been a strike or work stoppage of any kind.

Township Pension Plan

The Township has three pension plans for employees.

Police Pension Plan

The Township sponsors a defined benefit pension plan, the Police Pension Plan. The Plan is a single employer plan that provides retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Pension Fund provides retirement benefits as well as death and disability benefits to full-time sworn police employees working at least 40 hours per week. All full-time members of the police force join the Plan at their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of credited service are entitled to a monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment plus a service increment of \$100 per month for the completion of the 26th year of service. For officers hired on or after July 1, 2003, eligible compensation excludes lumpsum payments for unused leave time and holiday time which was earned prior to the final 36 months of employment. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 100% of the final average compensation offset by social security and workers compensation benefits. Upon attaining age 65, benefits shall be adjusted to 50% of the final average compensation. The Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of this benefit is equal to 65% of the amount payable to the participant.

Covered employees are required to contribute up to a maximum of 5.0% of their salary to the Pension Fund. This contribution is governed by the Plan’s ordinances and collective bargaining. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Employees’ Pension Plans

The Township sponsors two defined benefit pension plans, the Non-Uniform Pension Plan and the Municipal Firefighters Pension Plan. The Plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Township provides pension benefits for nonuniform municipal and municipal firefighter employees through the Pennsylvania Municipal Retirement System (PMRS), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the 11-member Pennsylvania Municipal Retirement Board.

For a full description of the plan, please refer to Appendix “C” - Annual Financial Report - Fiscal year Ended December 31, 2023.

Other Post-Employment Benefits

The Township of Upper Moreland Other Postemployment Benefits Plan (the Plan) is a single-employer defined benefit health care plan administered by the Township Commissioners. The Plan was established through contracts negotiated by Township Commissioners. The Plan provides postemployment health care benefits to eligible retirees of the primary government in accordance with, and may be amended by, the various labor contracts and personnel policies. At December 31, 2023, eight retired employees were eligible to receive medical benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

As of the valuation date January 1, 2023, there were 100 active participants, 0 terminated members entitled to, but not yet receiving benefits and 15 retired employees utilizing these benefits.

For a full description of the plan, please refer to Appendix "C" - Annual Financial Report - Fiscal year Ended December 31, 2023.

CYBER SECURITY RISKS

The Township, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, 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 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 Township has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the Township's current efforts to manage cyber threats and security will, in all cases, be successful. The Township cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the Township also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The Township relies on other entities and service providers in the course of operating the Township, including its accountants, attorneys, 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 Township and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Disclosure Agreement.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; the Township and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds, and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

Enforcement of Remedies

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth or case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriter expects to reoffer the Bonds in secondary market, the Underwriter is not specifically required to do so.

Economic Factors Affecting the Financial Condition of the Township

Changes in current economic conditions, on local, regional and national levels, could adversely affect the Township's operating revenues and expenses and, consequently, the Township's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers;

increases in local rates of unemployment; decreases in the assessed value of real estate within the Township; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of Commonwealth and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect Township revenues or the timely payment thereof.

Uncertainty of Tax Revenues

While present Commonwealth law authorizes the Township to levy ad valorem real estate taxes at an unlimited rate in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the Township will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the Township's ability to increase certain rates or purposes of taxation is limited by Commonwealth law. Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the Township. However, the Township has never defaulted on the payment of principal of or interest on any general obligation debt or any tax anticipation note issues.

Public Health Emergencies Could Negatively Affect the Township's Operations

Regional, national or global public health emergencies, such as the outbreak of the novel coronavirus ("COVID-19" or the "Pandemic"), could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues, extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, or declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The Township cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the Township associated with operating during any public health emergencies. Accordingly, the Township cannot predict the effect any public health emergencies will have on the finances or operations of the Township or whether any such effects will have a material adverse effect on the ability to support payment of debt service on the Bonds.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Township as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the Township, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See "TAX MATTERS" herein.

LITIGATION

Upon delivery of the Bonds, the Township shall furnish or cause to be furnished, a certificate, in form satisfactory to Bond Counsel and the Underwriter, to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the Bonds, or the proceedings of the Township taken in connection therewith, or the application of any moneys provided for the payment, or contesting the powers of the Township with respect to the foregoing or the consummation of the transaction contemplated by this Preliminary Official Statement.

DEFAULTS AND REMEDIES

In the event of failure of the Township to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the Township is located. The Act provides that any judgment shall have an appropriate priority upon the funds next coming into the treasury of the Township. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Bonds and the rebate of certain investment earnings derived

from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Township subsequent to the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation.

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. Interest on the Bonds will not be treated as an item of tax preference under Section 57 of the Code for purposes of the individual alternative minimum taxes. For purposes of the 15% federal minimum tax that is imposed on “applicable corporations” (as defined in the 2022 Inflation Reduction Act (the “2022 Act”)) for taxable years beginning after December 31, 2022, interest on the Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the 2022 Act). The opinion of Bond Counsel is subject to the condition that the Township complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest is excludable from income. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements.

An exception to the complete denial to financial institutions for interest paid in funds allocable to purchase or carry tax-exempt obligations applies if such obligations are “qualified tax-exempt obligations.” If a tax-exempt obligation is a “qualified tax-obligation,” then 80% of the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry such obligations will be allowed under Sections 265(b) and 291(e)(1)(B) of the Code. Based on representations of the Township, in the opinion of Bond Counsel, banks, thrift institutions, and other financial institutions which purchase the Bonds may deduct 80% of their interest expense on indebtedness incurred to purchase or carry the Bonds pursuant to Sections 265(b) and 291(e)(1)(B) of the Code.

Original Issue Premium

An amount equal to the excess of the initial public offering price of a Bond as shown on the front cover hereof over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over the term of such Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds which are issued at a premium, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond Counsel expresses no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon.

Original Issue Discount

An amount equal to the excess of the stated redemption price at maturity of a Bond as shown on the front cover hereof over the initial public offering price of such Bond as shown on the front cover hereof constitutes original issue discount premium on such Bond. Such original issue discount is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond, and the basis of each such Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Purchasers of any Bonds which are issued with original issue discount, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the tax treatment of original issue discount.

State Tax Exemption of the Bonds

In the opinion of Bond Counsel, under the existing laws of the Commonwealth, the interest on the Bonds is free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to state and local taxation within the Commonwealth.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. **Prospective purchasers should consult their tax advisors about the consequences of purchasing or holding the Bonds.**

Additional Tax Considerations

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond Counsel expresses no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, and purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the Township (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide the following 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.

General. The Township has covenanted for the benefit of the Holders of the Bonds in a Continuing Disclosure Agreement dated July __, 2025 attached hereto as Appendix D to (a) provide notices of the occurrence of certain enumerated events; and (b) provide certain financial information and operating data relating to the Township by not later than the first day of the eighth calendar month immediately following the end of the Township's fiscal year, e.g., by not later than August 1 of each year, commencing August 1, 2026 (the "**Annual Report**"). The Annual Report and the notices of significant events, both summarized below, will be filed by the Township with the Electronic Municipal Market Access System ("**EMMA**") maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is summarized below. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12, as amended (the "**Rule**").

Annual Reports. The Township's Annual Report filed with EMMA shall contain or incorporate by reference the following information with respect to the relevant fiscal year: (i) audited financial statements; (ii) an update of the following types of financial and operating information included in the Official Statement under the headings "Township Finances – Summary of Fund Revenues, Expenditures and Changes in Fund Balances; Real Estate Valuation; Property Assessments; and Tax Collection Procedures"; and "Debt and Debt Limits – Statement of Indebtedness; Debt Limit and Remaining Borrowing Capacity"; and (iii) the total numbers of employees of the Township.

Notices of Significant Events. Upon the occurrence of any of the following notice events, the Township shall in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, file with EMMA notice of such occurrence: (1) principal and interest payment delinquencies; (2) non-payment-related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax status of the Bonds; (7) modifications to rights of Bondholders, if material; (8) bond calls (other than mandatory sinking fund redemptions), if material, and tender offers; (9) defeasances of Bonds; (10) release, substitution, or sale of property securing repayment of any Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement, if material; (14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material; (15) incurrence of a financial obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township, any of which affect security holders, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Township, any of which reflect financial difficulties; or (17) failure to provide annual financial information as required.

Accounting Standards. The financial statements described above shall be audited in accordance with both (a) generally accepted accounting principles applicable in the preparation of financial statements of the Township as such principles are from time to time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body ("GAAP"), and (b) applicable federal and state auditing statutes, regulations, standards and/or guidelines; provided however that the Township may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Audited financial statements of the Township not submitted as part of the Annual Report shall be provided to EMMA if and when available to the Township and in any event not more than thirty (30) days after receipt thereof from the Township's auditors. In the event that audited financial statements are not

submitted as part of the Annual Report, the Township shall provide in lieu thereof unaudited financial statements meeting the description set forth above.

Termination of Reporting Obligation. The Township’s obligations under the Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both under the Disclosure Agreement and under the Bonds.

Amendments. Notwithstanding any other provision of the Disclosure Agreement, the Township may modify or amend the Disclosure Agreement. Under the current SEC interpretation of the Rule, the following preconditions must be satisfied: (a) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Township, or change in the type of business conducted by the Township; (b) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Bondholders or beneficial owners as determined either by a party unaffiliated with the Township (such as the Paying Agent or nationally recognized bond counsel) or by an approving vote of a majority of Bondholders or beneficial owners. To the extent required by the Rule, the Township shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the Township to comply with any provision of the Disclosure Agreement, the Paying Agent, any Participating Underwriter or any Bondholder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Township to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under the Disclosure Agreement in the event of any failure of the Township to comply with the Disclosure Agreement shall be an action to compel performance, provided, however, that nothing in the Disclosure Agreement shall limit any Bondholder’s rights under applicable federal securities law.

Existing Continuing Disclosure Filing History

The Township has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The Township’s filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
12/31/2019	8/1/2020	7/30/2020	RE1052356	7/30/2020	RE1052358
12/31/2020	8/1/2021	1/21/2022 ^[3]	P21168860	7/30/2021	P11154210
12/31/2021	8/1/2022	7/11/2023 ^[4]	P11275886	7/29/2022	P11225707
12/31/2022	8/1/2023	7/29/2024 ^[5]	P21384892	5/21/2025 ^[6]	P11402282
12/31/2023	7/31/2024	5/21/2025 ^[6]	P11402286	7/29/2024 ^[5]	P21384892

Notes

^[1] For these purposes, assumes the shortest filing deadline of the Township’s previous Continuing Disclosure Agreements

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below: <http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

^[3] The Township filed a notice regarding the status of the audit timely on 7/30/2021 (EMMA ID P11154216).

^[4] The Township filed a notice regarding the status of the audit timely on 7/29/2022 (EMMA ID P11225699).

^[5] The Township filed a failure to file notice late on May 21, 2015 (EMMA ID P11402284).

^[6] The Township filed a failure to file notice late on July 29, 2024 (EMMA ID P21384892).

Based on the information above, the Township’s annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending December 31, 2019 through and including December 31, 2019, the Township filed the audit report and operating data information timely.

For fiscal year ending December 31, 2020, the Township filed the operating data on July 30, 2021 and audit report late on January 21, 2022. The Township filed a notice regarding the status of the audit timely on July 30, 2021.

For fiscal year ending December 31, 2021, the Township filed the operating data on July 29, 2022 and audit report late on July 11, 2023. The Township filed a notice regarding the status of the audit timely on July 29, 2022.

For fiscal year ending December 31, 2022, the Township filed the audit report late on July 29, 2024, operating data and failure to file notice late on May 21, 2025.

For fiscal year ending December 31, 2023, the Township filed the operating data on July 29, 2024 and audit report late on May 21, 2025. The Township filed a notice regarding the status of the audit late on May 21, 2025.

RATING

S&P Global Ratings is expected to assign its rating of “__” to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by _____. Moody’s Investors Service, Inc., has assigned an underlying rating of “Aa3” on the 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: 7 World Trade Center at 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

The Underwriter has agreed to purchase the Bonds from the Township, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$_____ which is equal to the par value of the Bonds, less an underwriter’s discount of \$_____, plus a net original issue premium of \$_____, and accrued interest, if any, from the dated date to the date of delivery of the Bonds.

LEGAL OPINION

The Bonds are offered subject to the receipt of the legal opinion of Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania, Bond Counsel. The proposed form of Bond Counsel Opinion is set forth as Appendix B hereof. Certain other legal matters will be passed upon for the Township by Kilkenny Law, LLC, of Fort Washington, Pennsylvania, Township Solicitor.

FINANCIAL ADVISOR

The Township has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization, and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this 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

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

The Township has authorized the distribution of this Preliminary Official Statement.

TOWNSHIP OF UPPER MORELAND
Montgomery County, Pennsylvania

By: _____
President, Township Commissioners

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APPENDIX A
Demographic and Economic Information
Relating to the Township of Upper Moreland

Introduction

Upper Moreland Township (the “Township”) is located in southeastern Montgomery County and covers an area of 7.5 square miles. The Township is located in the Philadelphia PA-NJ Primary Metropolitan Statistical Area (PMSA), approximately 15 miles north of downtown Philadelphia. The Township is bounded on the west by the Borough of Hatboro, on the south by Upper Dublin and Horsham Townships, on the east by Abington and Lower Moreland Townships and the Borough of Bryn Athyn, and on the north by Bucks County.

Character

The Township is principally a middle-income residential suburb of Philadelphia with a commercial area located in the unincorporated community of Willow Grove. Development of office complexes and development for institutional, commercial and industrial uses have taken place throughout the Township.

Municipal Services

The Township provides full-time police protection to its residents and supports the Willow Grove Volunteer Fire Company No. 1 and the Second Alarmist a local ambulance company. In addition, the Township employs 5 emergency medical technicians who provide first responses for fire or medical emergencies. The Township also supports a free public library, provides an active parks and recreation program for residents throughout 19 municipal parks, and a full service public works department that collects trash from all single family residences and duplexes.

Population

Table A-1 which follows shows recent population trends for the Township, Montgomery County and the Commonwealth of Pennsylvania (the “Commonwealth”). Table A-2 shows 2020 population by median age and average number of persons per household in the Township, Montgomery County and for the Commonwealth. Average household size for the Township was slightly smaller than Montgomery County and the statewide average.

Table A-1 which follows shows recent population trends for the Township, Montgomery County and the Commonwealth.

**TABLE A-1
RECENT POPULATION TRENDS**

Geographic Area	2010	2020
<i>Township</i>	24,015	26,116
Montgomery County	799,874	856,553
Pennsylvania.....	12,702,379	13,002,700

**TABLE A-2
2020 POPULATION BY MEDIAN AGE (YEARS) AND AVERAGE HOUSEHOLD SIZE**

Median Age (Years)	Number	Percent
Township		
16 years and over	19,507	81.0
18 years and over	18,997	78.9
21 years and over	18,003	74.8
62 years and over	4,862	20.2
65 years and over	4,061	16.9
Average Household Size 2.50		
Montgomery County		
16 years and over	669,506	80.9
18 years and over	648,618	78.4
21 years and over	621,450	75.1
62 years and over	179,633	21.7
65 years and over	146,901	17.8
Average Household Size 2.53		
Pennsylvania		
16 years and over	10,456,049	81.7
18 years and over	10,145,303	79.3
21 years and over	9,634,772	75.3
62 years and over	2,854,120	22.3
65 years and over	2,335,104	18.3
Average Household Size 2.42		

Source: U. S. Census Bureau, 2020 (American FactFinder) General Population and Housing Characteristics: Pennsylvania.

Employment

The largest employers located within or near Montgomery County include:

Name

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

Source: Center for Workforce Information & Analysis unless otherwise noted – 3rd Quarter 2024.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT
PHILADELPHIA PRIMARY METROPOLITAN STATISTICAL AREA
(Bucks, Chester, and Montgomery– PA Counties)
NONFARM JOBS
(February 2025)

Establishment Data	Industry Employment				Net Change From:	
	Feb 2025	Jan 2025	Dec 2024	Feb 2024	Jan 2025	Feb 2024
TOTAL NONFARM	1,121,200	1,120,900	1,143,300	1,110,000	300	11,200
TOTAL PRIVATE	1,034,200	1,034,500	1,055,800	1,024,300	-300	9,900
GOODS PRODUCING	141,700	142,100	146,300	144,300	-400	-2,600
Construction, Natural Resources, and Mining	52,900	53,900	57,100	54,900	-1,000	-2,000
Manufacturing	88,800	88,200	89,200	89,400	600	-600
Durable Goods	44,700	44,500	45,000	45,300	200	-600
Non-Durable Goods	44,100	43,700	44,200	44,100	400	0
Chemical Manufacturing	20,000	19,800	20,100	20,100	200	-100
SERVICE-PROVIDING	979,500	978,800	997,000	965,700	700	13,800
PRIVATE SERVICE-PROVIDING	892,500	892,400	909,500	880,000	100	12,500
Trade, Transportation, and Utilities	204,700	206,400	213,500	202,100	-1,700	2,600
Wholesale Trade	59,100	59,300	59,900	58,700	-200	400
Retail Trade	108,800	110,100	114,800	108,000	-1,300	800
General merchandise stores	18,700	19,100	20,600	18,500	-400	200
Transportation, Warehousing, and Utilities	36,800	37,000	38,800	35,400	-200	1,400
Information	24,300	24,600	24,700	25,000	-300	-700
Financial Activities	88,500	89,000	89,700	88,200	-500	300
Finance and insurance	74,100	74,700	75,100	74,000	-600	100
Credit Intermediation and Related Activities	17,100	17,100	17,200	17,000	0	100
Depository Credit Intermediation	10,100	10,100	10,100	10,000	0	100
Insurance carriers and related activities	29,100	29,100	29,300	28,600	0	500
Real estate and rental and leasing	14,400	14,300	14,600	14,200	100	200
Professional and Business Services	211,800	210,300	214,900	211,500	1,500	300
Professional and technical services	114,500	113,500	114,900	116,900	1,000	-2,400
Scientific research and development services	23,300	23,100	23,300	23,600	200	-300
Management of companies and enterprises	31,900	31,600	31,800	31,500	300	400
Administrative and waste services	65,400	65,200	68,220	63,100	200	2,300
Education and Health Services	227,900	224,900	227,000	219,100	3,000	8,800
Educational services	31,300	29,300	30,900	32,100	2,000	-800
Health care and social assistance	196,600	195,600	196,100	187,000	1,000	9,600
Ambulatory health care services	73,800	73,400	73,700	70,400	400	3,400
Hospitals	32,000	31,900	31,900	31,400	100	600
Nursing and residential care facilities	36,400	36,200	36,400	34,500	200	1,900
Social assistance	54,400	54,100	54,100	50,700	300	3,700
Leisure and Hospitality	86,000	87,600	90,100	86,700	-1,600	-700
Accommodation and food services	70,300	71,600	72,400	70,400	-1,300	-100
Other Services	49,300	49,600	49,600	47,400	-300	1,900
Government	87,000	86,400	87,500	85,700	600	1,300
Federal Government	6,300	6,400	6,400	6,400	-100	-100
State Government	10,800	10,700	11,000	10,700	100	100
Local Government	69,900	69,300	70,100	68,600	600	1,300
Local Government educational services	49,300	48,600	49,500	48,700	700	600
Local Government excluding educational services	20,600	20,700	20,600	19,900	-100	700
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania State Employment Service: www.paworkstats.state.pa.us

Table A-4 shows recent trends in labor force, employment, and unemployment for Montgomery County. Overall labor force and employment opportunities in Montgomery County have increased over the past five years. The unemployment rate for Montgomery County has been lower than the Commonwealth.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(MONTGOMERY COUNTY)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	Compound Average Annual Percentage Rate
Montgomery County							
Civilian Labor Force (000)....	447.0	455.5	461.6	470.3	460.1	470.9	1.05%
Employment (000).....	412.9	432.9	449.6	457.3	447.7	454.7	1.95%
Unemployment (000)	34.0	22.6	12.1	13.0	12.4	16.2	-13.78%
Unemployment Rate.....	7.60%	5.00%	2.60%	2.80%	2.70%	3.40%	
Pennsylvania							
Civilian Labor Force (000)....	6,483.0	6,406.0	6,479.0	6,518.0	6,483.0	6,516.0	0.10%
Employment (000).....	5,894.0	5,999.0	6,196.0	6,296.0	6,270.0	6,242.0	1.15%
Unemployment (000)	589.0	407.0	283.0	223.0	213.0	275.0	-14.13%
Unemployment Rate.....	9.10%	6.30%	4.40%	3.40%	3.30%	4.20%	

⁽¹⁾As of February 2025.

Source: Department of Labor & Industry, Pennsylvania State Employment Service.

Income

The data on Table A-5 shows recent trends in per capita income for the Township, Montgomery County and the Commonwealth over the 2010-2020 period. The per capita income of the Township increased at a faster rate over this period than per capita income for the Commonwealth and Montgomery County.

**TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME***

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change 2010-2020
Township.....	\$32,075	\$39,640	23.59%
Montgomery County	38,792	49,905	28.65%
Pennsylvania	26,374	35,518	34.67%

*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. School District income is the population-weighted average for political subdivisions.

Source: 2010: U.S. Census Bureau & 2020: U.S. Census Bureau, American Fact Finder.

Commercial Activity

Table A-6 shows recent trends for retail sales in Montgomery County and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	2019	2020	2021	2022	2023
Montgomery County	\$21,566,509	\$22,055,191	\$21,239,179	\$22,982,660	\$24,998,262
MSA	118,054,280	121,588,785	117,611,766	129,095,108	138,955,072
Pennsylvania.....	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: Neilson Company

Educational Institutions

Major colleges and universities located near the Township include Arcadia University, Chestnut Hill College, Ursinus College, Bryn Mawr College, Haverford College, Temple University's Ambler Campus, West Chester University, Villanova University, and University of Pennsylvania.

Housing

Land use in the Township is predominantly developed as a residential community with 80 percent being used for residential purposes, consisting of single family housing, townhouses, and apartments.

Medical Facilities

Major hospital facilities servicing the Township area include Montgomery Hospital, Sacred Heart Hospital, Suburban General Hospital, Jeanes Hospital, Holy Redeemer Hospital, Fox Chase Cancer Center, Warminster General Hospital, Chestnut Hill Hospital, Bryn Mawr Hospital, Abington Memorial Hospital, and Lankenau Hospital.

Transportation

The Township residents have available to them a variety of transportation facilities. Commuter passenger rail service is provided by Southeastern Pennsylvania Transportation Authority (SEPTA). Several bus lines serve the area, connecting the Township with neighboring municipalities. Major highways serving the area include the Pennsylvania Turnpike, with the Willow Grove Interchange located in the Township and U.S. 611 linking the Township with Philadelphia on the South and Doylestown on the North. Airport facilities are available at Philadelphia International Airport, one of the major commercial domestic and international passenger and air freight facilities in the United States. The Township is served by over eighty motor freight companies.

Utilities

Sewer services to residents are provided by the Upper Moreland-Hatboro Joint Sewer Authority. Public water services are provided by the Aqua Pennsylvania. PECO Energy provides both electricity and natural gas to users within the Township. Verizon provides local telephone services to residents of the Township.

APPENDIX B
Proposed Form of Bond Counsel Opinion

[_____], 2025

Upper Moreland Township
117 Park Avenue
Willow Grove, PA 19090

**RE: Upper Moreland Township
Montgomery County, Pennsylvania
\$[_____] General Obligation Bonds, Series of 2025**

Ladies and Gentlemen:

We have acted as Bond Counsel to Upper Moreland Township, Montgomery County, Pennsylvania (the “Township”), a township of the second class of the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale, by the Township of its General Obligation Bonds, Series of 2025, dated the date hereof, in the aggregate principal amount of \$[_____] (the “Bonds”).

The Board of Commissioners of the Township (the “Board of Commissioners”), by Ordinance adopted on June 2, 2025 (the “Bond Ordinance”), has authorized and directed the issuance of the Bonds pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Debt Act”), to finance: (1) certain capital improvements and repairs to Township facilities and properties to be made pursuant to the Township’s approved capital improvement schedule, (2) the renovation and construction of the Township’s administration building and related improvements, and (3) the costs of issuing the Bonds.

The Township has covenanted in the Bond Ordinance to include in each year’s budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payments due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due, and for such payment, budgeting and appropriation, it has pledged its full faith, credit and taxing power.

In the Bond Ordinance, the Township has established a sinking fund for the payment of the Bonds (the “Sinking Fund”) and covenanted to make payments out of the Sinking Fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Bonds.

As Bond Counsel to the Township, we have examined and relied upon, among other things: (1) the proceedings of the Township related to the issuance and delivery of the Bonds as filed with and approved by the Pennsylvania Department of Community and Economic Development (the "Department") pursuant to the Debt Act; (2) an executed counterpart of the Bond Ordinance; (3) the form of the Bonds; (4) a General Certificate of the Township; (5) the Federal Tax Compliance Certificate and Agreement dated as of the date hereof (the "Tax Certificate"); and (6) the customary closing affidavits, certificates and documents executed and delivered by the Township in connection with the issuance of the Bonds.

In furnishing this opinion, we have examined and relied upon an opinion of even date of Kilkenny Law, LLC, solicitor to the Township, with respect to, among other things, the due enactment of the Bond Ordinance and the due authorization, execution and delivery of the Bonds and related documents by the Township.

We have assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the Township assumes and agrees to pay.

Based upon the foregoing, and the qualifications stated herein, and assuming continuing compliance by the Township with the Tax Certificate, the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, we are of the opinion that:

- 1. The Township is authorized under applicable laws of the Commonwealth to issue the Bonds as provided in the Bond Ordinance.
2. The Bonds are the legal and valid obligation of the Township enforceable in accordance with their terms.
3. The proceedings of the Township pursuant to which the Bonds have been authorized and issued and the non-electoral debt of the Township evidenced by the Bonds have been conducted and incurred in accordance with applicable law of the Commonwealth. The Bonds are secured by the full faith and credit of the Township, the payment for which the Township is obligated, if necessary, to exercise its ad valorem taxing power upon all taxable property within the Township.
4. Under the laws of the Commonwealth, the interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, except gift, succession or inheritance taxes or other taxes not levied or assessed directly on the Bonds or the interest paid thereon.
5. [The Township is a "qualified small issuer" within the meaning of Section 265(b)(3)(C) of the Code and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code, for purposes of determining the deductibility of interest expense of banks and other financial institutions holding the Bonds.]

6. Under existing federal income tax law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of "tax preference" for purposes of the federal alternative minimum tax imposed on individuals. Additionally, for purposes of the federal alternative minimum tax that is imposed on "applicable corporations" (as defined in the Inflation Reduction Act of 2022 (the "Inflation Act")), interest on the Bonds will be taken into account in determining "adjusted financial statement income" (as defined in the Inflation Act). The opinions set forth in this paragraph 5 are subject to the condition that the Township comply with all the requirements of the Code and the Treasury Regulations that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Township has covenanted in the Bond Ordinance and the Tax Certificate to comply with all such requirements. We express no opinion regarding other federal tax consequences arising in connection with or with respect to the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, or other laws now or hereafter enacted by any state or the federal government affecting the enforcement of creditors' rights generally, and "enforceable in accordance with its (their) terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

We have not been engaged to express and do not express any opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds. We express no opinion with respect to any matters not specifically set forth herein.

This opinion is rendered solely for the benefit of the addressees hereof in connection with the initial issuance of the Bonds. The addressees may not rely on this opinion letter for any other purpose. This opinion letter is limited to the matters set forth herein. This opinion is subject to future changes in applicable law, and we do not undertake any obligation to update any of the opinions expressed in this letter. No opinion may be inferred or implied beyond the matters expressly stated herein, and our opinions expressed herein must be read in conjunction with the assumptions, limitations, exceptions, and qualifications set forth herein. The law covered by the opinions expressed herein is limited to the laws of the Commonwealth and the federal law of the United States of America.

Very truly yours,

Obermayer Rebmann Maxwell & Hippel LLP

APPENDIX C
Audited Financial Statements

**UPPER MORELAND TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**UPPER MORELAND TOWNSHIP
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**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)** CliftonLarsonAllen LLP
YEAR ENDED DECEMBER 31, 2023 CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Upper Moreland Township
Willow Grove, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township (the Township), Montgomery County, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township, Montgomery County, Pennsylvania, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Upper Moreland 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.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in employer's net pension liability and related ratios, schedules of employer contributions, investment returns and employer's net pension liability, budgetary comparison information, and schedules of changes in the employer's net OPEB liability and related ratios on pages 4 through 15 and 57 through 65 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 GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Moreland Township's basic financial statements. The combining nonmajor fund financial statements on pages 66 to 67, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of the Upper Moreland Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Upper Moreland Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upper Moreland Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
February 24, 2025

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

The preparation of a summary statement entitled "Management's Discussion and Analysis" is a required element of the reporting model adopted by the Governmental Accounting Standards Board. Its purpose is to provide an overview of the financial activities of Upper Moreland Township based upon currently known facts, or conditions. As management of Upper Moreland Township (the Township), we offer readers of the Township's financial statements this narrative overview of financial activities for the fiscal year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

Entity-Wide Financial Statements (Full Accrual)

The assets and deferred outflows of resources of Upper Moreland Township exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$30.9 million (total net position). The net position balance represents an increase of \$1.2 million for the current year.

Fund Financial Statements (Modified Accrual)

At the Township's governmental funds reported combined ending fund balances of \$8.6 million, a decrease of \$2.5 million in comparison with the prior year. Combined revenues increased to \$30.3 million, an increase of \$2.2 million in comparison with the prior year.

During the year, the general fund had total revenues of \$28.3 million generated from tax and other revenues, compared with total expenditures of \$29.1 million, resulting in no material excess before transfers amounts.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

The financial statements are prepared in conformity with generally accepted accounting principles (GAAP).

General fund expenditures came in \$3.5 million over the final budget, and revenues exceeded the final budget by \$3.0 million. Actual business and mercantile tax revenues in 2023 exceeded the budget by \$259k, budgeted 2023 charges for service were under budget, budgeted 2023 fees, licenses, and permits were under budget, budgeted 2023 tax revenues were under budget, actual fines and forfeitures revenue in 2023 exceeded budget by \$3k, actual intergovernmental revenues in 2023 exceeded budget by \$2.2 million, actual investment income in 2023 exceeded budget by \$331k and actual other revenue in 2023 exceeded budget by \$222k.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 16. One of the most important questions asked about the Township's finances is, "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 Upper Moreland Township as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. The reader can think of the Township's net position — the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources — as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, such as the changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including administrative, licensing and permits, police and emergency services, public works, sanitation, culture and recreation, and debt service. Property taxes, franchise fees, business and mercantile taxes, licenses and permits, fines, and state and federal grants finance most of these activities.
- **Component Units, Governmental** – The Township includes two separate legal entities in its report—the Upper Moreland Free Public Library and the Willow Grove Volunteer Fire Company. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 18 and provide detailed information about the most significant funds — not the Township as a whole. Some funds are required to be established by state law. The Township's governmental funds use the following accounting approach.

- **Governmental Funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis accounting method. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations on pages 19 and 21 behind the fund financial statements.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

- **Fiduciary Funds** – The Township is the trustee, or fiduciary, for its Police Pension Plan. It is responsible for the Plan's assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Police Pension Plan's activity is reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 22 and 23. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

The Statement of Net Position presents information on all of Upper Moreland Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper Moreland Township is improving or deteriorating.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

The following table reflects the condensed statement of net position:

**TABLE 1
STATEMENTS OF NET POSITION**

	Governmental Activities		Component Units	
	2023	2022	2023	2022
ASSETS				
Current and Other Assets	\$ 13,043,679	\$ 19,962,369	\$ 285,830	\$ 297,903
Capital Assets	43,304,646	42,060,036	622,522	605,797
Total Assets	<u>56,348,325</u>	<u>62,022,405</u>	<u>908,352</u>	<u>903,700</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows from Pension	7,621,987	8,308,716	-	-
Deferred Outflows from OPEB	1,238,993	936,334	-	-
Total Deferred Outflows of Resources	<u>8,860,980</u>	<u>9,245,050</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Noncurrent Liabilities	27,554,035	29,398,166	-	-
Other Liabilities	4,632,769	4,891,326	15,244	13,329
Total Liabilities	<u>32,186,804</u>	<u>34,289,492</u>	<u>15,244</u>	<u>13,329</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Pension	633,121	5,923,186	-	-
Deferred Inflows from OPEB	1,412,287	1,302,154	-	-
Deferred Inflows from Refunding	45,404	49,188	-	-
Total Deferred Inflows of Resources	<u>2,090,812</u>	<u>7,274,528</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	34,014,857	33,414,046	622,522	605,797
Restricted	1,071,348	5,239,759	66,332	42,599
Unrestricted	(4,154,516)	(8,950,370)	204,254	241,975
Total Net Position	<u>\$ 30,931,689</u>	<u>\$ 29,703,435</u>	<u>\$ 893,108</u>	<u>\$ 890,371</u>

The Township's combined net position, which is the Township's bottom line, increased \$1.2 million from \$29.7 million to \$30.9 million in 2023.

The net position of the component units increased to \$893,108 in 2023 from \$890,371 in 2022. The Library's net position increased \$17,022 and the Fire Company's net position decreased \$14,285 in 2023.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

There are six basic (normal) transactions that will affect the comparability of the statement of net position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital Assets – which will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of Nonborrowed Current Assets on New Capital Assets – which will (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Statement of Activities on page 17 presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting. This accounting method records revenue and expenses as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

The following chart shows the revenues and expenses of the governmental activities and component units:

**TABLE 2
STATEMENTS OF CHANGES IN NET POSITION**

	Primary Government		Component Units	
	Governmental Activities			
	2023	2022	2023	2022
REVENUES				
Program Revenues:				
Charges for Services	\$ 3,375,033	\$ 3,420,581	\$ 14,825	\$ 21,486
Operating Grants and Contributions	1,807,193	1,516,967	1,391,041	1,358,598
Capital Grants and Contributions	2,182,629	1,322,086	-	-
General Revenues:				
Property Taxes	9,970,459	10,174,854	-	-
Other Taxes	11,708,422	10,905,516	-	-
Investment Income	626,507	219,565	4,686	955
Miscellaneous/Other	571,515	237,487	-	-
Total Revenues	<u>30,241,758</u>	<u>27,797,056</u>	<u>1,410,552</u>	<u>1,381,039</u>
EXPENSES				
General Government	3,952,766	1,720,864	-	-
Public Safety	12,078,616	13,476,366	131,774	105,235
Highway and Roads	4,866,931	4,559,022	-	-
Sanitation	3,592,341	3,441,758	-	-
Culture and Recreation	4,277,766	3,329,456	1,276,041	1,232,193
Interest Expense	245,084	248,930	-	-
Issuance Costs of General Obligation Note	-	180,029	-	-
Total Expenses	<u>29,013,504</u>	<u>26,956,425</u>	<u>1,407,815</u>	<u>1,337,428</u>
CHANGE IN NET POSITION	1,228,254	840,631	2,737	43,611
Net Position - Beginning of Year	<u>29,703,435</u>	<u>28,862,804</u>	<u>890,371</u>	<u>846,760</u>
NET POSITION - END OF YEAR	<u>\$ 30,931,689</u>	<u>\$ 29,703,435</u>	<u>\$ 893,108</u>	<u>\$ 890,371</u>

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

Economic Condition – which can reflect a declining, stable, or growing economic environment and has a substantial impact on property, business, mercantile, or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township-Approved Rates – while certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase/decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and nonrecurring) – certain recurring revenues (state-shared revenues) may experience significant changes periodically, while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, Sanitation, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Township Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant percentage of the Township's program expenses.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human resources requires the Township to strive to approach a competitive salary range in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

Current Year Impacts

Governmental Activities

Sources of revenues for the fiscal year 2023 are comprised of the following items:

**GOVERNMENTAL ACTIVITIES - REVENUES BY SOURCE
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>Percentage of Total Revenues</u>
REVENUES		
Program Revenues:		
Charges for Services	\$ 3,375,033	11.16 %
Operating Grants and Contributions	1,807,193	5.98
Capital Grants and Contributions	2,182,629	7.22
General Revenues:		
Property Taxes	9,970,459	32.97
Other Taxes	11,708,422	38.72
Investment Income	626,507	2.07
Miscellaneous/Other	571,515	1.89
Total Revenues	<u>\$ 30,241,758</u>	<u>100.00 %</u>

The greatest portion of revenue was generated from other taxes at \$11.7 million (38.72%), which included several large tax sources such as earned income tax at \$5.4 million and business privilege tax at \$6.2 million. The next largest source of revenue was property taxes at \$10 million (32.97%) and the charges for services at \$3.4 million (11.16%). Together, these three revenue sources approximate 82.85% of the Township's revenue base.

**GOVERNMENTAL ACTIVITIES - EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>Percentage of Total Revenues</u>
EXPENSES		
General Government	\$ 3,952,766	13.62 %
Public Safety	12,078,616	41.63
Highway and Roads	4,866,931	16.77
Sanitation	3,592,341	12.38
Culture and Recreation	4,277,766	14.74
Interest Expense	245,084	0.84
Total Expenses	<u>\$ 29,013,504</u>	<u>100.00 %</u>

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

The following schedule compares the total cost and net cost of services by functional category:

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Expenses		Net Expense	
	2023	2022	2023	2022
GOVERNMENTAL ACTIVITIES				
General Government	\$ 3,952,766	\$ 1,720,864	\$ (2,551,631)	\$ (394,337)
Public Safety	12,078,616	13,476,366	(11,283,567)	(12,601,128)
Highway and Roads	4,866,931	4,559,022	(1,836,301)	(2,663,775)
Sanitation	3,592,341	3,441,758	(2,060,837)	(1,902,730)
Culture and Recreation	4,277,766	3,329,456	(3,671,229)	(2,705,862)
Interest Expense	245,084	248,930	(245,084)	(248,930)
Issuance Costs of General Obligation Note	-	180,029	-	(180,029)
Total Expenses	<u>\$ 29,013,504</u>	<u>\$ 26,956,425</u>	<u>\$ (21,648,649)</u>	<u>\$ (20,696,791)</u>

General Fund Budgetary Highlights

The government revises its budget as it attempts to deal with unexpected changes in revenues and expenses. General Fund actual expenditures were \$3.5 million over total budgeted expenditures. Revenues were \$3.0 million over budget. Revenues were greater than budget mainly due to an increase in business tax revenue from increased development in the Township. The expenditures were over budget due to an increase in legal fees and an increase in police personnel costs. The schedule on page 57 presents the Township's budget figures and actual figures maintained on the modified accrual basis of accounting.

Capital Asset and Debt Administration

Capital Assets

At the end of 2023, the Township had \$43.3 million invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 4 on page 13).

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes to the financial statements.

**TABLE 4
CHANGE IN CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclasses / Disposals</u>	<u>Ending Balance</u>
Capital Assets, Not being Depreciated:				
Land	\$ 6,463,459	\$ -	\$ -	\$ 6,463,459
Construction in Process	<u>1,675,286</u>	<u>2,119,446</u>	<u>-</u>	<u>3,794,732</u>
Total Capital Assets, Not being Depreciated	8,138,745	2,119,446	-	10,258,191
Capital Assets, being Depreciated:				
Buildings and Improvements	4,694,871	-	-	4,694,871
Machinery, Vehicles, and Equipment	13,114,053	543,199	(1,011,838)	12,645,414
Infrastructure	<u>53,347,532</u>	<u>606,593</u>	<u>-</u>	<u>53,954,125</u>
Total Capital Assets, being Depreciated	71,156,456	1,149,792	(1,011,838)	71,294,410
Less Accumulated Depreciation for:				
Buildings and Improvements	2,791,524	134,264	-	2,925,788
Machinery, Vehicles, and Equipment	8,455,836	707,683	(1,011,838)	8,151,681
Infrastructure	<u>25,987,805</u>	<u>1,182,681</u>	<u>-</u>	<u>27,170,486</u>
Total Accumulated Depreciation	<u>37,235,165</u>	<u>2,024,628</u>	<u>(1,011,838)</u>	<u>38,247,955</u>
Total Capital Assets, being Depreciated, Net	<u>33,921,291</u>	<u>(874,836)</u>	<u>-</u>	<u>33,046,455</u>
Governmental-Type Activities, Capital Assets, Net	<u>\$ 42,060,036</u>	<u>\$ 1,244,610</u>	<u>\$ -</u>	<u>\$ 43,304,646</u>

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

**TABLE 5
CHANGE IN CAPITAL ASSETS - UPPER MORELAND FREE LIBRARY**

	Beginning Balance	Additions	Reclasses / Disposals	Ending Balance
Capital Assets, being				
Depreciated:				
Furniture and Equipment	\$ 843,335	\$ 39,858	\$ (1,893)	\$ 881,300
Collection	1,563,206	85,062	(76,335)	1,571,933
Total Capital Assets, Being Depreciated	2,406,541	124,920	(78,228)	2,453,233
Less Accumulated				
Depreciation for:				
Furniture and Equipment	710,417	23,133	(1,893)	731,657
Collection	1,090,327	85,062	(76,335)	1,099,054
Total Accumulated Depreciation	1,800,744	108,195	(78,228)	1,830,711
 Total Capital Assets, being Depreciated, Net	<u>\$ 605,797</u>	<u>\$ 16,725</u>	<u>\$ -</u>	<u>\$ 622,522</u>

Long-Term Liabilities

At year-end, the Township had \$10.9 million in notes outstanding versus \$11.6 million last year.

**TABLE 6
OUTSTANDING LONG-TERM LIABILITIES AT YEAR-END**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:	\$ 11,550,000		\$ (625,000)	\$ 10,925,000	\$ 660,000
Discounts	(74,587)	-	5,738	(68,849)	-
Premiums	250,552		(16,282)	234,270	-
Total Notes Payable	11,725,965	-	(635,544)	11,090,421	660,000
Compensated Absences	796,412	67,068	-	863,480	-
Governmental Activity Long-Term Liabilities	<u>\$ 12,522,377</u>	<u>\$ 67,068</u>	<u>\$ (635,544)</u>	<u>\$ 11,953,901</u>	<u>\$ 660,000</u>

**UPPER MORELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2024, it is expected that the real estate market will continue to improve which will result in increased transfer taxes and an increase in assessed valuation. Earned income taxes and business taxes are expected to increase modestly. Real Estate millage will increase approximately 13.1% in 2024. Overall, the economic outlook is positive.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at Upper Moreland Township, 117 Park Avenue, Willow Grove, Pennsylvania 19090.

**UPPER MORELAND TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Primary Governmental	Component Units	
	Activities	Public Library	Fire Company
ASSETS			
Cash and Cash Equivalents	\$ 2,474,177	\$ 43,889	\$ 82,062
Investments	8,421,970	84,871	-
Accounts and Other Receivables	2,058,976	1,645	-
Restricted Assets - Cash and Deposits	-	73,363	-
Capital Assets Not Being Depreciated:			
Land	6,463,459	-	-
Construction in Progress	2,750,328	-	-
Other Capital Assets (Net of Accumulated Depreciation)	34,090,859	622,522	-
Net Pension Asset	88,556	-	-
Total Assets	<u>56,348,325</u>	<u>826,290</u>	<u>82,062</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Pension	7,621,987	-	-
Deferred Outflows from OPEB	1,238,993	-	-
Total Deferred Outflows of Resources	<u>8,860,980</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,046,900	15,244	-
Accrued Interest Payable	75,039	-	-
Unearned Revenue	1,850,830	-	-
Noncurrent Liabilities:			
Due within One Year	660,000	-	-
Due after One Year	11,293,901	-	-
Net Pension Liability	10,099,673	-	-
Net OPEB Liability - Due within One Year	404,137	-	-
Net OPEB Liability - Due after One Year	5,756,324	-	-
Total Liabilities	<u>32,186,804</u>	<u>15,244</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension	633,121	-	-
Deferred Inflows from OPEB	1,412,287	-	-
Deferred Inflows from Refunding	45,404	-	-
Total Deferred Inflows of Resources	<u>2,090,812</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	34,014,857	622,522	-
Restricted for:			
Public Safety	20,443	-	-
Public Works	725,236	-	-
Open Space	232,476	-	-
Debt Service	4,637	-	-
Pension Benefits	88,556	-	-
Donor Restrictions	-	66,332	-
Unrestricted	<u>(4,154,516)</u>	<u>122,192</u>	<u>82,062</u>
Total Net Position	<u>\$ 30,931,689</u>	<u>\$ 811,046</u>	<u>\$ 82,062</u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Major Fund General	Major Fund Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,469,540	\$ -	\$ 4,637	\$ 2,474,177
Investments	6,183,293	1,755,228	483,449	8,421,970
Receivables	1,933,012	-	16,853	1,949,865
Due from Other Funds	427,725	-	115,945	543,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,013,570</u>	<u>\$ 1,755,228</u>	<u>\$ 620,884</u>	<u>\$ 13,389,682</u>
LIABILITIES				
Accounts Payable and Accrued Wages	\$ 1,937,789	\$ -	\$ -	\$ 1,937,789
Due to Other Funds	115,945	427,725	-	543,670
Unearned Revenues	1,850,830	-	-	1,850,830
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	3,904,564	427,725	-	4,332,289
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes	441,963	-	15,353	457,316
FUND BALANCES				
Restricted for:				
Public Safety	20,443	-	-	20,443
Public Works	266,993	-	458,243	725,236
Open Space	232,476	-	-	232,476
Capital Projects	-	1,327,503	-	1,327,503
Debt Service	-	-	4,637	4,637
Assigned:				
Capital Additions	-	-	142,651	142,651
Unassigned	6,147,131	-	-	6,147,131
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	6,667,043	1,327,503	605,531	8,600,077
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,013,570</u>	<u>\$ 1,755,228</u>	<u>\$ 620,884</u>	<u>\$ 13,389,682</u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

Fund Balances - Total Governmental Funds \$ 8,600,077

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

Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of Capital Assets	81,552,601
Accumulated Depreciation	<u>(38,247,955)</u>
Total	43,304,646

Deferred outflows and deferred inflows in the statement of net position that do not provide or use current financial resources are not reported in the governmental funds.

Deferred Outflows from Pension	7,621,987
Deferred Outflows from OPEB	1,238,993
Deferred Inflows from Pension	(633,121)
Deferred Inflows from OPEB	<u>(1,412,287)</u>
Total	6,815,572

Because the focus of governmental funds is on short-term financing, financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues - property taxes, in the governmental funds and thus are not included in fund balance.

Deferred Inflow - Unavailable Taxes	457,316
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Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. This amount is the net effect of the treatment of long-term debt and related items.

Deferred Gain on Refunding	(45,404)
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes Payable	(11,090,421)
Accrued Interest Payable	(75,039)
Net Pension Asset	88,556
Net Pension Liability	(10,099,673)
Net OPEB Liability	(6,160,461)
Compensated Absences	<u>(863,480)</u>
Total	<u>(28,200,518)</u>

Net Position of Governmental Activities	<u><u>\$ 30,931,689</u></u>
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**UPPER MORELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Major Fund General	Major Fund Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Real Estate	\$ 8,657,099	\$ -	\$ 856,927	\$ 9,514,026
Transfer Tax	451,109	-	-	451,109
Earned Income and Occupational	5,543,981	-	-	5,543,981
Business and Mercantile	6,234,058	-	-	6,234,058
Fees, Licenses, and Permits	542,231	-	-	542,231
Investment Income	431,178	148,979	46,350	626,507
Grants	1,033,200	-	-	1,033,200
Intergovernmental Revenues	2,008,333	-	796,519	2,804,852
Fines and Forfeitures	152,427	-	-	152,427
Charges for Services	2,832,145	-	-	2,832,145
Other	481,674	-	-	481,674
Total Revenues	<u>28,367,435</u>	<u>148,979</u>	<u>1,699,796</u>	<u>30,216,210</u>
EXPENDITURES				
Current:				
General Government	5,221,671	934,871	35,598	6,192,140
Public Safety	12,903,718	-	-	12,903,718
Sanitation	2,733,779	676,639	-	3,410,418
Highways and Roads	4,084,683	-	949,900	5,034,583
Culture and Recreation	4,186,206	240,753	-	4,426,959
Debt Service:				
Principal	-	-	625,000	625,000
Interest	-	-	255,068	255,068
Total Expenditures	<u>29,130,057</u>	<u>1,852,263</u>	<u>1,865,566</u>	<u>32,847,886</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(762,622)	(1,703,284)	(165,770)	(2,631,676)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	89,841	-	-	89,841
NET CHANGE IN FUND BALANCES	(672,781)	(1,703,284)	(165,770)	(2,541,835)
Total Fund Balances - Beginning of Year	<u>7,339,824</u>	<u>3,030,787</u>	<u>771,301</u>	<u>11,141,912</u>
TOTAL FUND BALANCES - END OF YEAR	<u>\$ 6,667,043</u>	<u>\$ 1,327,503</u>	<u>\$ 605,531</u>	<u>\$ 8,600,077</u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ (2,541,835)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	3,269,238
Depreciation Expense	<u>(2,024,628)</u>
Total	<u>1,244,610</u>

Payments-in-lieu of taxes in the governmental funds that have previously been reported in the statement of activities. (64,293)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of Notes	625,000
Note Discount Amortization	(5,738)
Note Premium Amortization	16,282
Refunding Amortization	3,784
Accrued Interest Expense	<u>9,984</u>
Total	<u>649,312</u>

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 governmental funds:

Pension Expense	241,271
Compensated Absences	(67,068)
Postemployment Benefits	<u>1,766,257</u>
Total	<u>1,940,460</u>

Change in Net Position of Governmental Activities \$ 1,228,254

**UPPER MORELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Police Pension Trust Fund
ASSETS	
Cash	\$ 959,843
Accrued Interest	3,780
Investments, at Fair Value:	
Mutual Funds	35,728,894
Total Assets	36,692,517
 NET POSITION	
Net Position Restricted for Pension Benefits	36,692,517
Total Net Position	\$ 36,692,517

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Police Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 2,181,179
Employee	250,864
DROP Contributions	130,790
Total Contributions	2,562,833
Investment Income:	
Net Appreciation in Fair Value of Investments	4,032,771
Dividends and Interest	848,645
Less: Investment Expenses	(107,170)
Investment Earnings, Net	4,774,246
Other Receipts	14,123
Total Additions	7,351,202
DEDUCTIONS	
DROP Distributions	185,100
Administrative Fees	14,629
Benefits	2,515,973
Total Deductions	2,715,702
CHANGE IN NET POSITION	4,635,500
Net Position Restricted for Pension Benefits - Beginning of Year	32,057,017
NET POSITION RESTRICTED FOR PENSION BENEFITS - END OF YEAR	\$ 36,692,517

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Upper Moreland Township is a municipal government existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the government and certain component units, entities for which the government is considered to be financially accountable. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability 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. Based upon the application of these criteria, the following is an analysis of the potential component units addressed in defining the Township's reporting entity.

Discretely Presented Component Units

The Willow Grove Fire Company (the Fire Company) was established in 1906. The Fire Company provides volunteer fire and rescue services to Upper Moreland Township. Upper Moreland Township has the responsibility of overseeing the Fire Department, along with fiscal management. Upper Moreland Township provides tax levied funding annually to support the operations of the Fire Department, along with the responsibility of funding operating deficits, as needed. As a result, the Fire Company is considered to be a component unit of Upper Moreland Township.

The Upper Moreland Free Public Library (the Library) was established in 1959 by a group of local citizens of the Upper Moreland Township to provide diverse information, life-long learning, and cultural enrichment to the Upper Moreland Township community. Upper Moreland Township has assumed the obligation to provide financial support to the Library based on a tax referendum passed in 1960. As a result, the Library is considered to be a component unit of Upper Moreland Township.

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.

Complete financial statements for the individual component units may be obtained at the entity's administrative offices as follows: Willow Grove Volunteer Fire Company, 227 Davisville Road, Willow Grove, Pennsylvania 19090; Upper Moreland Free Public Library, 109 Park Avenue, Willow Grove, Pennsylvania 19090.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expense 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) 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus*, and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The *Bond Fund* accounts for the proceeds from general obligation bonds to be used for specific capital projects.

The government reports the following nonmajor governmental funds:

The *Debt Service Fund* accounts for principal and interest debt payments.

The *Capital Reserve Fund* accounts for the financial resources to be used for acquisition, construction, or improvement of major capital facilities for general government purposes.

The *Highway Aid Fund* is a special revenue fund that accounts revenues from the distribution of a portion of the state gasoline tax, which are used to fund allowable highway-related expenditures.

Additionally, the government reports the following fiduciary fund type:

The *Pension Trust Fund* accounts for the activities of the Police Pension plan, which accumulates resources for pension benefit payments to qualified employees.

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity

Deposits and Investments

The government's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Township considers all Pennsylvania Local Government Investment Trust (PLGIT) accounts to be investments, regardless of maturity.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity
(Continued)**

Deposits and Investments (Continued)

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings bank both within and outside the Commonwealth of Pennsylvania provided such amounts are insured by the Federal Deposit Insurance Corporation or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings account rates is minimal.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2023, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity
(Continued)**

Receivables and Payables (Continued)

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Discretely Presented Component Unit – The Upper Moreland Free Public Library defines assets with initial, individual cost of more than \$500 and an estimated useful life exceeding one year. Such assets are recorded at historical cost if purchased or estimated historical cost if contributed. All items included in the Library collection (books and audio-visual materials) are capitalized.

Property, plant, and equipment of the primary government, as well as its component unit, are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	45 Years
Roads and Bridges	75 Years
Storm Sewers	100 Years
Lighting	20 Years
Trucks, Vehicles, and Heavy Equipment	5 to 25 Years
Library Collection	5 to 10 Years
Furniture and Equipment	5 to 10 Years

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity
(Continued)**

Compensated Absences

The Township allows employees to carry over sick pay up until retirement. However, employees cannot collect accumulated sick pay at retirement. Vacation and police holiday pay can be carried over as well and is compensated for at retirement. As such, a liability for compensated absences has been included in the government-wide financial statements for vacation and police holiday pay only.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid items are recorded as expenditures during the periods benefited. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent 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.

For the net pension liability and OPEB related items, the difference between expected and actual experiences, change of assumptions, the net difference between projected and actual earnings on pension plan investments, and contributions paid to the various plans subsequent to the plans' measurement date are all reported as either a deferred outflow or a deferred inflow of resources on the statement of net position and are amortized as a component of pension expense.

The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

The Township also reports a deferred outflow of resources for a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded debt or the new refunding debt.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity
(Continued)**

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if any, are currently expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt or other borrowings that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

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

Unrestricted Net Position – This category represents net position of the entity, not restricted for any project or other purpose.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position or Equity
(Continued)**

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance – Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – Includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – Includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance – Includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners, or (b) a body (a budget, finance committee, or Township Manager and Finance Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance – This residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All appropriations lapse at year-end. During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The board holds public hearings, and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Township Board of Commissioners. At year-end, the board passes a resolution to move under expended funds to overexpended categories. The budgetary information in these financial statements includes these amendments.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year-end lapse.

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

The risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the possession of an outside party. The government does not have a policy for custodial credit risk. At year-end, the government's carrying amount of deposits was \$3,434,020 and the bank balance was \$4,560,682. Governmental funds and Fiduciary funds report carrying value of deposits of \$2,474,177 and \$959,843, respectively, as of December 31, 2023. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. Of the year-end bank balance, \$3,806,045 was not covered by federal depository insurance. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72, as amended, the depositories may meet this collateralization by pooling appropriate securities to cover all public funds.

Investments

The Township has several accounts with a carrying value totaling \$8,144,656 with PLGIT, a Rule 2a-7 like investment pool. All PLGIT accounts are in the PLGIT or PLGIT/ARM portfolios which may only purchase securities which are permitted under Pennsylvania law for boroughs, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At year-end, the investments balances were as follows:

	<u>Level</u>	<u>Maturity Dates</u>	<u>Fair Value</u>
Governmental Funds:			
Negotiable Certificates of Deposit	1	2024	\$ 277,314
PLGIT Class	1	--	4,792,754
PLGIT Reserve Class	1	--	1,596,675
PLGIT Prime	1	--	1,755,227
Total Government Funds			<u>\$ 8,421,970</u>
Fiduciary Funds - Police Pension Trust:			
Mutual Funds:			
Domestic Equity	1	--	\$ 22,057,872
International Equity	1	--	6,362,458
Fixed Income	1	--	7,308,564
Total Fiduciary Funds			<u>\$ 35,728,894</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value in three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities.

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for assets or liabilities categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Township does not have any investments measured at net asset value (NAV).

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township’s investment policy and through state limitations as discussed in Note 1.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government’s investment policy includes a balancing provision to address this type of risk whereas the investment advisor will rebalance the assets within specific ranges. The investment advisor may also rebalance based on market conditions.

Credit Risk

This is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note 1.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. There are no individual investments that exceeded 5% of the total investments reported in the governmental or fiduciary funds that would be considered a concentration of credit risk as of December 31, 2023.

NOTE 4 RECEIVABLES

Receivables as of year-end for the government’s individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,623,968	\$ 16,853	\$ 1,640,821
Accounts	309,044	-	309,044
Total Receivables	<u>\$ 1,933,012</u>	<u>\$ 16,853</u>	<u>\$ 1,949,865</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance - Beginning of Year	Increases	Decreases	Transfers	Balance - End of Year
Governmental Activities:					
Capital Assets, Not being Depreciated:					
Land	\$ 6,463,459	\$ -	\$ -		\$ 6,463,459
Construction in Process	1,675,286	2,119,446	-	(1,044,404)	2,750,328
Total Capital Assets, Not being Depreciated	8,138,745	2,119,446	-	(1,044,404)	9,213,787
Capital Assets, being Depreciated:					
Buildings and Improvements	4,694,871	-	-	81,618	4,776,489
Machinery, Vehicles, and Equipment	13,114,053	543,199	(1,011,838)		12,645,414
Infrastructure	53,347,532	606,593	-	962,786	54,916,911
Total Capital Assets, being Depreciated	71,156,456	1,149,792	(1,011,838)	1,044,404	72,338,814
Less: Accumulated Depreciation for:					
Buildings and Improvements	2,791,524	134,264	-		2,925,788
Machinery, Vehicles, and Equipment	8,455,836	707,683	(1,011,838)		8,151,681
Infrastructure	25,987,805	1,182,681	-		27,170,486
Total Accumulated Depreciation	37,235,165	2,024,628	(1,011,838)	-	38,247,955
Total Capital Assets, being Depreciated, Net	33,921,291	(874,836)	-	1,044,404	34,090,859
Governmental-Type Activities, Capital Assets, Net	<u>\$ 42,060,036</u>	<u>\$ 1,244,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,304,646</u>

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

Depreciation Expense:	
Governmental Activities:	
General Government	\$ 72,714
Public Safety	285,115
Sanitation	430,096
Highways and Roads	912,619
Culture and Recreation	324,084
Total	<u>\$ 2,024,628</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Upper Moreland Free Public Library for the year ended December 31, 2023, was as follows:

	Balance - Beginning of Year	Additions	Reclasses and Disposals	Balance - End of Year
Capital Assets, being				
Depreciated:				
Furniture and Equipment	\$ 843,335	\$ 39,858	\$ (1,893)	\$ 881,300
Collection	1,563,206	85,062	(76,335)	1,571,933
Total Capital Assets, Being Depreciated	2,406,541	124,920	(78,228)	2,453,233
Less: Accumulated				
Depreciation for:				
Furniture and Equipment	710,417	23,133	(1,893)	731,657
Collection	1,090,327	85,062	(76,335)	1,099,054
Total Accumulated Depreciation	1,800,744	108,195	(78,228)	1,830,711
Total Capital Assets, Being Depreciated, Net	\$ 605,797	\$ 16,725	\$ -	\$ 622,522

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	Receivable Fund	Payable Fund
General Fund		Bond Fund \$ 427,725
Highway Aid		General Fund 115,945
Total		\$ 543,670

The interfund balances and transfers are a result of various funds sharing the cost of capital project and maintenance expense. Additionally, funds which actually pay expenditures are reimbursed by the fund incurring the expense in accordance with budgetary authorizations. There were no interfund transfers in 2023.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 LONG-TERM DEBT

General Obligation Bonds and Notes

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for governmental activities. In 2021, the Township issued a general obligation bond of \$9,490,000 for financing a capital improvement program and refunding the 2012 and 2017 notes. In 2022, the Township issued another general obligation bond of \$3,000,000 for financing various capital improvement projects.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15- to 30-year serial bonds with varying amounts of principal maturing each year.

General obligations currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	1.0% to 3.0%	<u>\$ 10,925,000</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 660,000	\$ 225,118
2025	690,000	193,518
2026	725,000	160,418
2027	730,000	151,668
2028	735,000	142,868
2029 and Thereafter	<u>7,385,000</u>	<u>1,271,838</u>
Total	<u>\$ 10,925,000</u>	<u>\$ 2,145,428</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due within One Year
Governmental Activities:					
Notes Payable:					
2021 GO Bond	\$ 8,550,000	\$ -	\$ (560,000)	\$ 7,990,000	\$ 590,000
2022 GO Bond	3,000,000	-	(65,000)	2,935,000	70,000
Discount for Issuance - Unamortized	(74,587)	-	5,738	(68,849)	-
Premium for Issuance - Unamortized	250,552	-	(16,282)	234,270	-
Total Notes Payable	11,725,965	-	(635,544)	11,090,421	660,000
Compensated Absences	796,412	67,068	-	863,480	-
Governmental Activity, Long-Term Liabilities	<u>\$ 12,522,377</u>	<u>\$ 67,068</u>	<u>\$ (635,544)</u>	<u>\$ 11,953,901</u>	<u>\$ 660,000</u>

See Notes 11, 12, and 13, respectively, for information regarding the Township's long-term Pension and OPEB liabilities.

NOTE 8 RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the Delaware Valley Property and Liability Trust (DVPLT), a risk retention pool. The insurance expense for the year ended December 31, 2023, was \$362,217. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023, there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which the Township's share was \$15,877.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (D VWCT), a risk retention pool. The insurance expense for the year ended December 31, 2023, was \$518,886. The Trust declared a dividend in 2023. Upper Moreland Township's share of the dividend distribution was \$18,221. At December 31, 2023, there were no additional assessments due or anticipated.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 CONTINGENT LIABILITIES

In the normal course of business there are various claims and suits pending against the Township. In the opinion of management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Township.

The use of grant monies is subject to compliance audits by governmental agencies. Management of the Township believes the Township is in compliance with substantially all of the significant requirements of such grants.

NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The Township sponsors three defined benefit pension plans for its employees, the Police Pension Plan, the Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan, and the Municipal Firefighters PMRS Plan. Additional required disclosures regarding these plans are presented in Notes 11 and 12.

For the year ended December 31, 2023, the Township recognized aggregate pension credit of (\$241,271). The Police Pension Plan net pension liability was measured as of December 31, 2023. The Non-Uniform and Municipal Firefighters Pennsylvania Municipal Retirement System (PMRS) Plans' (defined benefit plans) net pension liability was measured as of December 31, 2022.

At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to its pension plans from the following sources:

	Police Pension Plan	Non-Uniform PMRS Plan	Municipal Firefighters PMRS Plan	Total
Net Pension Liabilities (Assets)	<u>\$ 7,115,544</u>	<u>\$ 2,984,129</u>	<u>\$ (88,556)</u>	<u>\$ 10,011,117</u>
Deferred Outflows of Resources:				
Net Difference Between Projected and Actual Investment Earnings	\$ 2,939,989	\$ 1,734,453	\$ 231,673	\$ 4,906,115
Difference Between Expected and Actual Experience	-	753,706	128,680	882,386
Changes in Assumptions	377,405	214,886	30,076	622,367
Contributions Subsequent to the Measurement Date	-	1,135,620	75,499	1,211,119
Total Deferred Outflows of Resources	<u>\$ 3,317,394</u>	<u>\$ 3,838,665</u>	<u>\$ 465,928</u>	<u>\$ 7,621,987</u>
Deferred Inflows of Resources:				
Difference Between Expected and Actual Experience	190,532	426,749	15,840	633,121
Total Deferred Inflows of Resources	<u>\$ 190,532</u>	<u>\$ 426,749</u>	<u>\$ 15,840</u>	<u>\$ 633,121</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$1,211,119 will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Amortization			Total
	Police Pension Plan	Non-Uniform PMRS Plan	Municipal Firefighters PMRS Plan	
2024	\$ 589,065	\$ (127,727)	\$ (1,503)	\$ 459,835
2025	1,271,065	538,795	83,249	1,893,109
2026	1,683,747	643,891	140,948	2,468,586
2027	(430,929)	1,221,337	151,895	942,303
2028	13,914			13,914
Total	<u>\$ 3,126,862</u>	<u>\$ 2,276,296</u>	<u>\$ 374,589</u>	<u>\$ 5,777,747</u>

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN

Plan Description

The Township sponsors a defined benefit pension plan, the Police Pension Plan. The Plan is a single employer plan that provides retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Pension Fund provides retirement benefits as well as death and disability benefits to full-time sworn police employees working at least 40 hours per week. All full-time members of the police force join the Plan at their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of credited service are entitled to a monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment plus a service increment of \$100 per month for the completion of the 26th year of service. For officers hired on or after July 1, 2003, eligible compensation excludes lump-sum payments for unused leave time and holiday time which was earned prior to the final 36 months of employment. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 100% of the final average compensation offset by social security and workers compensation benefits. Upon attaining age 65, benefits shall be adjusted to 50% of the final average compensation. The Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of this benefit is equal to 65% of the amount payable to the participant.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Covered employees are required to contribute up to a maximum of 5.0% of their salary to the Pension Fund. This contribution is governed by the Plan's ordinances and collective bargaining. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Any active police officer who has reached normal retirement age and 25 years of credited service shall be eligible to participate in the Deferred Retirement Option Plan (DROP), effective January 1, 2007. Effective January 1, 2012, the maximum DROP period is increased from 36 to 48 months.

The Plan does not issue a stand-alone financial report.

The following table provides information concerning types of covered employees and benefit provisions for the Township's Police Pension Plan:

	Police
Covered Employees	All Regular Full-Time Sworn Police Officers
Number of Covered Active Employees	35
Number of Persons Receiving Benefits:	
Retired Employees and Beneficiaries	49
Terminated Employees Vested but not Receiving Benefits	1
Current Annual Covered Payroll	\$5,101,809
Normal Retirement Date	Hired on or before June 22, 2022, after 50th Birthday and 25 Years of Service
	Hired after June 22, 2022, after 55th Birthday and 25 Years of Service
Retirement Benefit	A Monthly Benefit Equal to 50% of the Final Monthly Average Salary Plus an Additional \$100 per Month, if Retiring with 26 or More Years of Service
Deferred Retirement Option Plan (DROP)	Effective January 1, 2007, a Member who is Eligible for Normal Retirement may Elect the DROP. Effective January 1, 2012, the Maximum DROP period is increased from 36 to 48 months.
Early Retirement Date	None

The benefit provisions of the Township's Police Plan established by Township ordinances are in compliance with collective bargaining agreements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Summary of Significant Accounting Policies

Financial information on the Township's Police Pension Plan is presented on the accrual basis of accounting as a fiduciary fund of the Township. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when paid as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Plan investments are reported at fair value as reported by the investment managers.

Contributions and Funding Policy

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Contributions and Funding Policy (Continued)

Employees are required to contribute a percentage of covered payroll (5% for Police). This contribution is governed by the Plan's governing ordinances and collective bargaining. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings. Actual employer contributions for plan year ended December 31, 2023 were \$2,181,179.

Plan Administration

Assets of the Police Pension Plan are overseen by a Police Pension Investment Committee. The Police Pension Investment Committee is comprised of five voting members. Three voting members are at large members of Upper Moreland Township who are appointed by the Township's Board of Commissioners, one voting member is appointed by the police department as their representative and one voting member is an elected Commissioner. The Police Pension Committee meets quarterly to review investment results prepared by an investment consultant. The Committee has the authority to make investment decisions, including adding or eliminating investment managers.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Investment Policy

The Police Pension Investment Committee is responsible for administering the investment policies of the Plan and providing oversight for the management of the Plan's assets. The investment strategy of the Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

The following was the Plan's target asset allocation policy as of December 31, 2023:

Asset Class	Target	Estimated Long-Term Rates of Return
Domestic Equity	56.0 %	5.5% to 7.5%
International Equity	12.0	4.5% to 6.5%
Fixed Income	26.0	1.0% to 3.0%
Real Estate	4.5	4.5% to 6.5%
Cash Equivalents	1.5	0.0% to 1.0%
Total	<u>100.0 %</u>	

Concentrations

At December 31, 2023, the Police Pension Plan had the following investments which exceeded 5% or more of the Plan's fiduciary net position:

Issuer	Type of Investment	Amount	Percentage of Investments of Plan Net Assets
Vanguard Total Stock Mkt ETF	Equity Mutual Fund	\$ 15,560,920	42.4 %
Vanguard Total Intl Stock ETF	Equity Mutual Fund	4,601,213	12.5 %
Baird Core Bond Fund	Fixed Income Mutual Fund	2,583,789	7.0 %
iShares Core U.S. Aggregate ETF	Closed Ends Funds	2,108,169	5.7 %
PGIM Total Return Bond	Fixed Income Mutual Fund	2,100,684	5.7 %

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Net Pension Liability

The net pension liability of the Police Plan for the measurement date of December 31, 2023, was as follows:

Total Pension Liability:	
Service Cost	\$ 805,493
Interest	3,675,370
Benefit Payments	(2,592,201)
Change for Experience	83,494
Net Change in Total Pension Liability	<u>1,972,156</u>
Total Pension Liability - Beginning	<u>41,835,905</u>
Total Pension Liability - Ending (a)	43,808,061
Plan Fiduciary Net Position:	
Contributions - Employer	2,181,179
Contributions - Members	250,864
Net Investment Income (Loss)	4,783,367
Benefit Payments	(2,592,201)
Other Receipts	12,291
Net Change in Plan Fiduciary Net Position	<u>4,635,500</u>
Plan Fiduciary Net Position - Beginning	<u>32,057,017</u>
Plan Fiduciary Net Position - Ending (b)	<u>36,692,517</u>
Net Pension Liability (a-b)	<u><u>\$ 7,115,544</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.76 %
Covered Payroll	<u><u>\$ 5,101,809</u></u>
Net Pension Liability as a Percentage of Covered Payroll	139.47 %

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Net Pension Liability (Continued)

Method and assumptions used to determine Net Pension Liability were as follows:

	Police
Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	6 Years
Asset Valuation Method	Smoothed Value with a Corridor of 80% to 120% of Market Value
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	5.5%
Inflation Rate Included	3.0%
Mortality Rate	PubS-2010 mortality table

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class are included in the pension plan's target asset allocation of December 31, 2023.

Asset Class	Percent of Fund at December 31, 2023	Estimated Long-Term Rates of Return
Domestic Equity	56.0 %	5.5% to 7.5%
International Equity	12.0	4.5% to 6.5%
Fixed Income	26.0	1.0% to 3.0%
Real Estate	4.5	4.5% to 6.5%
Cash	1.5	0.0% to 1.0%
Total	100.0 %	

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 8.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%), or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 12,099,784	\$ 7,115,544	\$ 2,942,490

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for plan year 2023 was 15.95%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

NOTE 12 PMRS PENSION PLANS

The Township sponsors two defined benefit pension plans, the Non-Uniform Pension Plan and the Municipal Firefighters Pension Plan. The Plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Township provides pension benefits for nonuniform municipal and municipal firefighter employees through the Pennsylvania Municipal Retirement System (PMRS), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the 11-member Pennsylvania Municipal Retirement Board.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, Pennsylvania 17108-1165.

All assets of the Plans are held in trusts and are the assets of PMRS and, therefore, will be excluded from the Township's financial statements. The assets of the Plans are managed by the board of PMRS and are placed in the custody of the Treasurer of the Commonwealth.

Plans Description:

The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts.

Benefits Provided:

Membership for full-time employees of the Municipality is mandatory. Membership for part-time employees, seasonal employees, and temporary employees is prohibited, as is membership for individuals paid only on a fee basis. Benefits vest upon the completion of twelve years of credited service. A member shall be eligible for a retirement benefit upon attainment of retirement age, which shall be sixty-five (65) years of age; or fifty-five (55) years of age, provided the Member has completed twenty-five (25) years of credited service.

The normal form of payment of retirement benefits is a monthly annuity comprised of the sum of the following annuities:

- (a) An annuity calculated by multiplying the Member's Final Salary by all years of Credited Service and multiplied by the benefit accrual rate of two percent (2.00%).
- (b) An annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the member contributions and regular interest on the optional member contributions.

A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

An annual excess interest benefit shall be equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's excess investment account.

The plan does not allow for any cost-of-living adjustments to an employee's retirement allowance subsequent to the employee's retirement date.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Employees Covered by Benefit Terms:

	<u>Nonuniform Defined Benefit</u>	<u>Municipal Firefighter Defined Benefit</u>
	All Regular Employees, Excluding Sworn Police Officers and Paid Firefighters	Full-Time Paid Firefighters
Covered Employees		
Number of Covered Active Employees	66	6
Number of Persons Receiving Benefits:		
Retired Employees and Beneficiaries	51	1
Terminated Employees Vested but Not Receiving Benefits	6	1
Current Annual Covered Payroll	\$5,346,973	\$732,206
Normal Retirement Date	After 60th Birthday and 8 Years of Service	After 60th Birthday and 8 Years of Service
Retirement Benefit	Equal 2.5% Times Credited Service Times Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 50% of FAS	Monthly Benefit for Life Equal to 2.5% Times the Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 60% of FAS
Early Retirement Date	Voluntary with 12 Years of Credited Service	Voluntary with 12 Years of Credited Service

Net Pension Liability (Asset)

The net pension liability of the PMRS Non-Uniform Defined Benefit plan as of the measurement date of December 31, 2022, was as follows:

Total Pension Liability	\$ 33,045,690
Plan Fiduciary Net Position	<u>30,061,561</u>
Net Pension Liability	<u>\$ 2,984,129</u>

The net pension asset of the PMRS Municipal Firefighters Defined Benefit plan as of the measurement date of December 31, 2022, was as follows:

Total Pension Liability	\$ 3,950,172
Plan Fiduciary Net Position	<u>4,038,728</u>
Net Pension Asset	<u>\$ (88,556)</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) (Continued)

A schedule of changes in the net pension liability (asset) of the PMRS Non-Uniform Defined Benefit plan as of the measurement date of December 31, 2022, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance - Beginning of Year	\$ 32,501,139	\$ 35,542,387	\$ (3,041,248)
Changes for the Year:			
Service Cost	715,386	-	715,386
Interest Cost	1,708,977	-	1,708,977
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(533,438)	-	(533,438)
Employer Contributions	-	843,034	(843,034)
PMRS Assessment			
Contributions	-	2,580	(2,580)
Employee Contributions	-	187,144	(187,144)
Net Investment Income	-	(5,082,322)	5,082,322
Benefit Payments	(1,346,374)	(1,346,374)	-
Administrative Expense	-	(84,888)	84,888
Net Changes	<u>544,551</u>	<u>(5,480,826)</u>	<u>6,025,377</u>
Balance - End of Year	<u>\$ 33,045,690</u>	<u>\$ 30,061,561</u>	<u>\$ 2,984,129</u>

A schedule of changes in the net pension liability (asset) of the PMRS Municipal Firefighters Defined Benefit plan as of the measurement date of December 31, 2022, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance - Beginning of Year	\$ 3,508,032	\$ 4,584,329	\$ (1,076,297)
Changes for the Year:			
Service Cost	141,153	-	141,153
Interest Cost	190,012	-	190,012
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	171,573	-	171,573
Employer Contributions	-	57,978	(57,978)
PMRS Assessment			
Contributions	-	40	(40)
Employee Contributions	-	25,627	(25,627)
Net Investment Income	-	(557,834)	557,834
Benefit Payments	(60,598)	(60,598)	-
Administrative Expense	-	(10,814)	10,814
Net Changes	<u>442,140</u>	<u>(545,601)</u>	<u>987,741</u>
Balance - End of Year	<u>\$ 3,950,172</u>	<u>\$ 4,038,728</u>	<u>\$ (88,556)</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) (Continued)

Method and assumptions used to determine Net Pension Liabilities for the PMRS Plans were as follows:

	<u>Nonuniform Defined Benefit</u>	<u>Municipal Firefighter Defined Benefit</u>
Valuation Date	January 1, 2023	January 1, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar	Level Dollar
Asset Valuation Method	Fair Market Value	Fair Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.25%	5.25%
Projected Salary Increases	Age Related Scale with Merit and Inflation Component	Age Related Scale with Merit and Inflation Component
Inflation Rate Included	2.80%	2.80%
Mortality Rate	Males: RP-2000 with 1-Year Set Back Females: RP 2000 with 5-Year Set Back	Males: RP-2000 with 1-Year Set Back Females: RP 2000 with 5-Year Set Back
COLA Increases	2.8% for those eligible for a COLA	2.8% for those eligible for a COLA

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

<u>Asset Class</u>	<u>Target Asset Allocation at December 31, 2022</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	24.5 %	7.5 %	5.0 %
Domestic Equities (Small Capitalized Firms)	8.0	8.2	5.7
International Equities (International Developed Markets)	14.5	7.6	5.1
International Equities (Emerging Markets)	3.0	8.0	5.5
Global Equities	5.0	7.0	4.5
Real Estate	10.0	7.4	4.9
Timber	5.0	6.5	4.0
Fixed Income (Core Investment Grade)	24.0	4.6	2.1
Fixed Income (Opportunistic Credit)	5.0	8.0	5.5
Cash	1.0	2.2	(0.3)
Total	<u>100.0 %</u>	<u>7.4 %</u>	<u>4.9 %</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) (Continued)

Based on the aforementioned methodology, the PMRS Board established the System's Long-Term Expected Rate of Return at 7.43%.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2022, this rate is equal to 5.25%.

Discount Rate

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate/Discount Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Annuity purchase rate Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this purchase rate,
- 4.) PMRS System Long-Term Expected Rate of Return, and
- 5.) PMRS investment expenses

The Board then considers the Regular Interest Rate/Discount Rate derived from the above formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2022.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Discount Rate (Continued)

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required (“depletion testing”), used the following assumptions: 1.) member contributions will be made at the current contribution rate 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3). the System’s Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5.25%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1% lower (4.25%), or 1% higher (6.25%) than the current rate:

	PMRS Non-Uniform Defined Benefit Pension Plan		
	Current		
	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension (Asset) / Liability	\$ 6,922,760	\$ 2,984,129	\$ (376,010)

	PMRS Municipal Firefighters Defined Benefit Pension Plan		
	Current		
	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension (Asset) / Liability	\$ 356,023	\$ (88,556)	\$ (467,332)

Contributions and Funding Policy

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the Plans’ biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 PMRS PENSION PLANS (CONTINUED)

Contributions and Funding Policy (Continued)

Employees participating in the Defined Benefit Plans are required to contribute a percentage of covered payroll (3.5% for both the Non-Uniform and Firefighters defined benefit plans). This contribution is governed by the Plan's governing ordinances. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or plan earnings. Employer contributions to the Non-Uniform and Firefighters plans for the plan year ended December 31, 2023 were \$845,614 and \$57,978, respectively.

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Township of Upper Moreland Other Postemployment Benefits Plan (the Plan) is a single-employer defined benefit health care plan administered by the Township Commissioners. The Plan was established through contracts negotiated by Township Commissioners. The Plan provides postemployment health care benefits to eligible retirees of the primary government in accordance with, and may be amended by, the various labor contracts and personnel policies. At December 31, 2023, eight retired employees were eligible to receive medical benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

As of the valuation date January 1, 2023, there were 100 active participants, 0 terminated members entitled to, but not yet receiving benefits and 15 retired employees utilizing these benefits.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Measurement of Total OPEB Liability

The measurement date for GASB 75 is January 1, 2023. The Total OPEB Liability (TOL) as of this date is based on an actuarial valuation as of January 1, 2023, with adjustments made for the 12-month difference. Total OPEB Liability information for the year ended December 31, 2023, is as follows:

Total OPEB Liability:	
Service Cost	\$ 540,915
Interest	182,613
Changes in Benefits ¹	(2,011,163)
Difference Between Expected and Actual Experience	318,449
Changes in Assumptions ²	(311,081)
Benefit Payments	<u>(293,464)</u>
Net Change in Total OPEB Liability	(1,573,731)
Total OPEB Liability - Beginning of Year	<u>7,734,192</u>
Total OPEB Liability - End of Year	<u><u>\$ 6,160,461</u></u>

¹ Police hired on or after June 23, 2022 are eligible for coverage upon reaching age 55 with 25 years of service. Police who retire on or after June 23, 2022 and move out of the coverage area may receive cash reimbursements from the Township equal to 50% of the portion of the premium the Township pays for retirees provided the retiree prove they are currently covered under a difference Medical plan. Due to the introduction of the out of area coverage benefit the Police election assumption was increased to 65%. Police, Fire Fighters, and Non-Union employees receive subsidized coverage until the earlier of Medicare age and the number of subsidized years given to the member.

² The discount rate changed from 2.25% to 4.31%. The trend assumption was updated. The Non-Union and Police retirement assumptions were updated.

For the year ended December 31, 2023, the Township recognized aggregate OPEB expense of \$(1,362,121). At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to its OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefit Payments Made Subsequent to the Measurement Date	\$ 404,137	\$ -
Differences Between Expected and Actual Experience	345,142	872,659
Changes in Actuarial Assumptions	<u>489,714</u>	<u>539,628</u>
Total	<u><u>\$ 1,238,993</u></u>	<u><u>\$ 1,412,287</u></u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Measurement of Total OPEB Liability (Continued)

Deferred outflows of resources of \$404,137 resulting from the Township's payment of benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (74,486)
2025	(74,486)
2026	(74,486)
2027	(74,486)
2028	(74,488)
Thereafter	(204,999)
Total	<u>\$ (577,431)</u>

Benefit Description

The benefit provisions for Plan members and the Township Commissioners are established and may be amended by Township Commissioners, subject to applicable labor contracts. For Police Officers, Firefighters, and Non-Union Employees (who elect this option), eligible retirees may participate in employer's group medical plan for seven years as long as he or she reimburses the Township 50% of premium costs plus the 2% administration fee. After seven years, eligible retirees may participate as long as he or she reimburses the Township 100% of premium costs plus the 2% administration fee. For Public Works Association Employees, Public Works White Collar Association Employees and Non-Union Employees and Non-Union Employees (who elect this option), eligible retirees may participate in the employer's group medical plan for four years as long as he or she reimburses the Township 50% of premium costs plus the 2% administration fee. After four years, eligible retirees may participate as long as he or she reimburses the Township 100% of premium costs plus the 2% administration fee. Spouses and other dependents are covered under the Plan for all eligible retirees, if they were covered at the time of the eligible employee's retirement, unless they are eligible for health care coverage from another source. Spouses and other dependents will continue to be eligible for benefits after the death of a retiree.

The Township funds the plan for current retirees on a pay-as-you-go basis. There is currently no OPEB Trust nor is there a plan for the funding of future benefits.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Health care cost trend rate of 7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Projected benefits based on estimates of future years of service and projected health benefit costs.
- Mortality rates based on the PubS-2010 Mortality Table, including rates for disabled retirees and contingent survivors. Incorporated into the tables are rates projected generationally using scale MP-2021 to reflect mortality improvement.
- Participant data based on census information as of January 1, 2023.

The assumptions include a discount rate of 4.31%, an annual health care cost trend rate of 7.0%. The discount rate is based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2023.

The following presents the Township's total OPEB liability at December 31, 2023, as well as what the liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Cost Trend Rate (7.00%)	1% Increase (8.00%)
2023	\$ 5,665,912	\$ 6,160,461	\$ 6,727,231

The following presents the Township's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rates.

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
2023	\$ 6,585,323	\$ 6,160,461	\$ 5,768,293

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 ESCROW CASH DEPOSITS

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers or others are recorded in the revenues or expenses of the Township. At December 31, 2023, \$847,615 represents the balance of these monies held in escrow and is included in the cash and cash equivalent total for the general fund and governmental activities.

NOTE 15 ECONOMIC DEPENDENCY

The Township has the responsibility for funding deficits; and handles the fiscal management of tax levied on the Willow Grove Volunteer Fire Company's and the Upper Moreland Free Public Library's behalf. During 2023, the Library received approximately 87.1% (\$1,126,822) of its operating support and donated occupancy costs from the Township. The value of donated occupancy was estimated at \$242,403, including \$54,225 contributed by the Township for services related to utilities, insurance, and other service costs to the Library as of December 31, 2023. During 2023, the Fire Company received approximately 0.1% (\$115) of its operating support from the Township.

NOTE 16 SUBSEQUENT EVENTS

As a result of a Township Ordinance approved during the Public Health & Safety Committee meeting on April 15, 2024, and during the Board of Commissioners meeting on May 6, 2024, the Willow Grove Fire Company was de-certified. Under the same ordinance, the Township recognized the Upper Moreland Fire Department and the Upper Moreland Township Volunteer Fire Company as a unified Township Fire Bureau, together with the Township's recognized Relief Association being the Upper Moreland Township Firefighters Relief Association.

**UPPER MORELAND TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Real Estate	\$ 8,732,688	\$ 8,732,688	\$ 8,657,099	\$ (75,589)
Transfer	650,000	650,000	451,109	(198,891)
Earned Income and Occupational	5,275,000	5,275,000	5,543,981	268,981
Business and Mercantile	5,975,000	5,975,000	6,234,058	259,058
Fees, Licenses, and Permits	585,000	585,000	542,231	(42,769)
Investment Income and Rent	100,000	100,000	431,178	331,178
Intergovernmental Revenues	866,044	866,044	3,041,533	2,175,489
Fines and Forfeitures	149,500	149,500	152,427	2,927
Charges for Services	2,841,500	2,841,500	2,832,145	(9,355)
Other	260,000	260,000	481,674	221,674
Total Revenues	<u>25,434,732</u>	<u>25,434,732</u>	<u>28,367,435</u>	<u>2,932,703</u>
EXPENDITURES				
Current:				
General Government	2,472,904	2,472,904	4,316,318	1,843,414
Public Safety	8,075,079	8,075,079	8,308,810	233,731
Sanitation	1,712,522	1,712,522	1,854,214	141,692
Highways and Roads	2,480,016	2,480,016	3,069,418	589,402
Culture and Recreation	2,716,170	2,716,170	3,482,208	766,038
Miscellaneous:				
Employee Benefits	6,371,201	6,371,201	6,216,641	(154,560)
Insurance	838,769	838,769	920,746	81,977
Other	920,841	920,841	961,702	40,861
Total Expenditures	<u>25,587,502</u>	<u>25,587,502</u>	<u>29,130,057</u>	<u>3,542,555</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(152,770)	(152,770)	(762,622)	(609,852)
OTHER FINANCING SOURCES (USES)				
Gain from Sale of Capital Assets	-	-	89,841	89,841
NET CHANGE IN FUND BALANCES	(152,770)	(152,770)	(672,781)	(520,011)
Fund Balance - Beginning of Year	<u>7,056,820</u>	<u>7,056,820</u>	<u>7,339,824</u>	<u>283,004</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,904,050</u>	<u>\$ 6,904,050</u>	<u>\$ 6,667,043</u>	<u>\$ (237,007)</u>

**UPPER MORELAND TOWNSHIP
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS
(UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 805,493	\$ 865,247	\$ 820,139	\$ 809,112	\$ 766,931	\$ 736,423	\$ 698,031	\$ 662,838	\$ 628,282	\$ 560,031
Interest	3,675,370	3,736,439	3,068,318	2,900,154	2,752,650	2,636,236	2,558,419	2,318,527	2,213,386	2,148,391
Benefit Payments	(2,592,201)	(2,514,789)	(2,407,434)	(1,858,281)	(2,008,187)	(1,759,995)	(1,687,813)	(1,903,006)	(1,568,713)	(1,804,975)
Difference Between Actual and Expected Assumption Changes	83,494	-	738,314	-	-	-	819,963	-	(213,161)	-
Net Change in Total Pension Liability	1,972,156	2,086,897	2,219,337	1,850,985	417,684	1,612,664	3,248,154	1,078,359	1,059,794	903,447
Total Pension Liability - Beginning	41,835,905	39,749,008	37,529,671	35,678,686	35,261,002	33,648,338	30,400,184	29,321,825	28,262,031	27,358,584
Total Pension Liability - Ending (a)	<u>\$ 43,808,061</u>	<u>\$ 41,835,905</u>	<u>\$ 39,749,008</u>	<u>\$ 37,529,671</u>	<u>\$ 35,678,686</u>	<u>\$ 35,261,002</u>	<u>\$ 33,648,338</u>	<u>\$ 30,400,184</u>	<u>\$ 29,321,825</u>	<u>\$ 28,262,031</u>
Plan Fiduciary Net Position:										
Contribution - Employer and State Aid	\$ 2,181,179	\$ 2,178,633	\$ 2,158,341	\$ 2,065,113	\$ 2,029,927	\$ 1,651,206	\$ 1,620,023	\$ 1,590,940	\$ 1,601,121	\$ 1,231,728
Contribution - Member	250,864	246,366	275,252	245,437	237,633	224,208	212,840	200,481	190,037	177,730
Net Investment Income	4,783,367	(6,840,802)	4,800,182	4,830,325	5,031,002	(1,565,025)	3,579,723	1,339,312	(639,410)	698,505
Benefit Payments	(2,592,201)	(2,514,789)	(2,407,434)	(1,858,281)	(2,008,187)	(1,759,995)	(1,687,813)	(1,903,006)	(1,568,713)	(1,804,975)
Administrative Expense	-	(23,010)	-	(13,550)	-	(14,550)	(5,350)	(7,840)	(8,030)	(2,400)
Net Change in Plan Fiduciary Net Position	4,623,209	(6,953,602)	4,826,341	5,269,044	5,290,375	(1,464,156)	3,719,423	1,219,887	(424,995)	300,588
Plan Fiduciary Net Position - Beginning	32,069,308	39,022,910	34,196,569	28,927,525	23,637,150	25,101,306	21,381,883	20,161,996	20,586,991	20,286,403
Plan Fiduciary Net Position - Ending (b)	<u>\$ 36,692,517</u>	<u>\$ 32,069,308</u>	<u>\$ 39,022,910</u>	<u>\$ 34,196,569</u>	<u>\$ 28,927,525</u>	<u>\$ 23,637,150</u>	<u>\$ 25,101,306</u>	<u>\$ 21,381,883</u>	<u>\$ 20,161,996</u>	<u>\$ 20,586,991</u>
Net Pension Liability (a - b)	<u>\$ 7,115,544</u>	<u>\$ 9,766,597</u>	<u>\$ 726,098</u>	<u>\$ 3,333,102</u>	<u>\$ 6,751,161</u>	<u>\$ 11,623,852</u>	<u>\$ 8,547,032</u>	<u>\$ 9,018,301</u>	<u>\$ 9,159,829</u>	<u>\$ 7,675,040</u>
Fiduciary Net Position as a Percentage of Plan Total Pension Liability	83.76 %	76.65 %	98.17 %	91.12 %	81.08 %	67.03 %	74.60 %	70.33 %	68.76 %	72.84 %
Covered Payroll	\$ 5,101,809	\$ 4,822,259	\$ 4,499,246	\$ 4,634,638	\$ 4,720,550	\$ 4,390,592	\$ 4,089,093	\$ 3,829,463	\$ 3,714,833	\$ 3,481,071
Net Pension Liability as a Percentage of Covered Payroll	139.47 %	202.53 %	16.14 %	71.92 %	143.02 %	264.74 %	209.02 %	235.50 %	246.57 %	220.48 %

**UPPER MORELAND TOWNSHIP
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 1,231,728	\$ 1,231,728	\$ -	\$ 3,481,071	35.38 %
2015	1,601,121	1,601,121	-	3,714,833	43.10
2016	1,590,940	1,590,940	-	3,829,463	41.54
2017	1,620,023	1,620,023	-	4,089,093	39.62
2018	1,651,206	1,651,206	-	4,390,592	37.61
2019	2,029,927	2,029,927	-	4,720,550	43.00
2020	2,065,113	2,065,113	-	4,634,638	44.56
2021	2,158,341	2,158,341	-	4,499,246	47.97
2022	2,178,633	2,178,633	-	4,822,259	45.18
2023	2,181,179	2,181,179	-	5,101,809	42.75

**UPPER MORELAND TOWNSHIP
POLICE PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actual Money Weighted Rate of Return, Net of Investment Expense	<u>15.95 %</u>	<u>(16.72)%</u>	<u>14.75 %</u>	<u>17.49 %</u>	<u>22.60 %</u>	<u>(5.98)%</u>	<u>17.60 %</u>	<u>7.22 %</u>	<u>(3.40)%</u>	<u>3.82 %</u>

**UPPER MORELAND TOWNSHIP
NON-UNIFORM PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS*
(UNAUDITED)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 715,386	\$ 683,621	\$ 620,864	\$ 604,166	\$ 594,274	\$ 563,726	\$ 513,535	\$ 587,957	\$ 571,056
Interest	1,708,977	1,654,156	1,481,914	1,442,716	1,390,945	1,336,237	1,272,880	1,206,949	1,160,307
Benefit Payments	(1,346,374)	(1,304,813)	(1,307,573)	(1,326,084)	(902,727)	(874,548)	(905,391)	(849,382)	(683,002)
Difference Between Actual and Expected, If Any	(533,438)	-	1,884,265	-	102,689	-	658,312	-	(135,142)
Assumption Changes	-	-	537,215	-	-	-	704,383	355,274	-
Net Change in Total Pension Liability	544,551	1,032,964	3,216,685	720,798	1,185,181	1,025,415	2,243,719	1,300,798	913,219
Total Pension Liability - Beginning	32,501,139	31,468,175	28,251,490	27,530,692	26,345,511	25,320,096	23,076,377	21,775,579	20,862,360
Total Pension Liability - Ending (a)	<u>\$ 33,045,690</u>	<u>\$ 32,501,139</u>	<u>\$ 31,468,175</u>	<u>\$ 28,251,490</u>	<u>\$ 27,530,692</u>	<u>\$ 26,345,511</u>	<u>\$ 25,320,096</u>	<u>\$ 23,076,377</u>	<u>\$ 21,775,579</u>
Plan Fiduciary Net Position:									
Contribution - Employer and State Aid	\$ 845,614	\$ 845,061	\$ 786,222	\$ 786,614	\$ 602,041	\$ 589,101	\$ 588,491	\$ 555,635	\$ 369,460
Contribution - Member	187,144	178,836	178,488	176,170	170,575	161,929	157,864	164,002	153,730
Net Investment Income	(5,082,322)	4,377,978	4,243,224	4,596,011	(1,034,701)	3,720,971	1,807,634	(169,590)	1,177,366
Benefit Payments	(1,346,374)	(1,304,813)	(1,307,573)	(1,326,084)	(902,727)	(874,548)	(905,391)	(849,382)	(683,002)
Administrative Expense	(2,580)	(2,540)	(2,440)	(2,480)	(2,320)	(2,280)	(2,200)	(2,320)	(2,220)
Other	(82,308)	(84,435)	(56,477)	(43,670)	(54,964)	(52,957)	(54,945)	(46,123)	(40,089)
Net Change in Plan Fiduciary Net Position	(5,480,826)	4,010,087	3,841,444	4,186,561	(1,222,096)	3,542,216	1,591,453	(347,778)	975,245
Plan Fiduciary Net Position - Beginning	35,542,387	31,532,300	27,690,856	23,504,295	24,726,391	21,184,175	19,592,722	19,940,500	18,965,255
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,061,561</u>	<u>\$ 35,542,387</u>	<u>\$ 31,532,300</u>	<u>\$ 27,690,856</u>	<u>\$ 23,504,295</u>	<u>\$ 24,726,391</u>	<u>\$ 21,184,175</u>	<u>\$ 19,592,722</u>	<u>\$ 19,940,500</u>
Net Pension Liability (Asset) (a - b)	<u>\$ 2,984,129</u>	<u>\$ (3,041,248)</u>	<u>\$ (64,125)</u>	<u>\$ 560,634</u>	<u>\$ 4,026,397</u>	<u>\$ 1,619,120</u>	<u>\$ 4,135,921</u>	<u>\$ 3,483,655</u>	<u>\$ 1,835,079</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.97 %	109.36 %	100.20 %	98.02 %	85.37 %	93.85 %	83.67 %	84.90 %	91.57 %
Covered Payroll	\$ 5,109,556	\$ 5,099,610	\$ 4,962,457	\$ 4,806,161	\$ 4,559,105	\$ 4,444,207	\$ 4,619,484	\$ 4,509,641	\$ 4,327,870
Net Pension Liability as a Percentage of Covered Payroll	58.40 %	(59.64)%	(1.29)%	11.66 %	88.32 %	36.43 %	89.53 %	77.25 %	42.40 %

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

**UPPER MORELAND TOWNSHIP
NON-UNIFORM PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS*
(UNAUDITED)**

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 369,360	\$ 369,460	\$ (100)	\$ 4,327,870	8.54 %
2015	557,815	555,635	2,180	4,509,641	12.32
2016	590,691	588,491	2,200	4,619,484	12.74
2017	591,381	589,101	2,280	4,444,207	13.26
2018	604,361	602,041	2,320	4,559,105	13.21
2019	788,954	786,614	2,340	4,806,161	16.37
2020	786,222	786,222	-	4,962,457	15.84
2021	844,981	845,061	(80)	5,099,610	16.57
2022	845,514	845,614	(100)	5,109,556	16.55

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

**UPPER MORELAND TOWNSHIP
MUNICIPAL FIREFIGHTERS PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS*
(UNAUDITED)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 141,153	\$ 120,863	\$ 120,060	\$ 113,443	\$ 104,807	\$ 99,343	\$ 79,136	\$ 95,158	\$ 98,322
Interest	190,012	174,985	158,452	144,560	138,739	126,590	126,149	125,323	115,986
Benefit Payments	(60,598)	-	-	-	-	-	-	-	-
Difference Between Actual and Expected, Assumption Changes	171,573	-	(39,597)	-	(141,304)	-	(170,915)	-	(41,387)
Net Change in Total Pension Liability	442,140	295,848	314,102	258,003	102,242	225,933	97,417	31,043	172,921
Total Pension Liability - Beginning	3,508,032	3,212,184	2,898,082	2,640,079	2,537,837	2,311,904	2,214,487	2,183,444	2,010,523
Total Pension Liability - Ending (a)	<u>\$ 3,950,172</u>	<u>\$ 3,508,032</u>	<u>\$ 3,212,184</u>	<u>\$ 2,898,082</u>	<u>\$ 2,640,079</u>	<u>\$ 2,537,837</u>	<u>\$ 2,311,904</u>	<u>\$ 2,214,487</u>	<u>\$ 2,183,444</u>
Plan Fiduciary Net Position:									
Contribution - Employer and State Aid	\$ 57,978	\$ 61,093	\$ 85,102	\$ 78,972	\$ 151,356	\$ 132,954	\$ 119,388	\$ 131,476	\$ 87,426
Contribution - Member	25,667	21,943	22,136	21,036	19,486	18,456	15,573	15,777	16,446
Net Investment Income	(557,834)	457,574	495,300	581,396	(187,853)	405,808	157,312	(16,672)	86,815
Benefit Payments	(60,598)	-	-	-	-	-	-	-	-
Administrative Expense	(160)	(120)	(120)	(120)	(120)	(100)	(100)	(100)	(100)
Other	(10,654)	(10,669)	(7,459)	(5,449)	(6,307)	(5,805)	(5,800)	(4,387)	(3,586)
Net Change in Plan Fiduciary Net Position	(545,601)	529,821	594,959	675,835	(23,438)	551,313	286,373	126,094	187,001
Plan Fiduciary Net Position - Beginning	4,584,329	4,054,508	3,459,549	2,783,714	2,807,152	2,255,839	1,969,466	1,843,372	1,656,371
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,038,728</u>	<u>\$ 4,584,329</u>	<u>\$ 4,054,508</u>	<u>\$ 3,459,549</u>	<u>\$ 2,783,714</u>	<u>\$ 2,807,152</u>	<u>\$ 2,255,839</u>	<u>\$ 1,969,466</u>	<u>\$ 1,843,372</u>
Net Pension Liability (Asset) (a - b)	<u>\$ (88,556)</u>	<u>\$ (1,076,297)</u>	<u>\$ (842,324)</u>	<u>\$ (561,467)</u>	<u>\$ (143,635)</u>	<u>\$ (269,315)</u>	<u>\$ 56,065</u>	<u>\$ 245,021</u>	<u>\$ 340,072</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.24 %	130.68 %	126.22 %	119.37 %	105.44 %	110.61 %	97.57 %	88.94 %	84.42 %
Covered Payroll	\$ 626,955	\$ 632,473	\$ 597,616	\$ 553,315	\$ 524,465	\$ 444,925	\$ 450,764	\$ 467,506	\$ 448,662
Net Pension Liability as a Percentage of Covered Payroll	(14.12)%	(170.17)%	(140.95)%	(101.47)%	(27.39)%	(60.53)%	12.44 %	52.41 %	75.80 %

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

**UPPER MORELAND TOWNSHIP
MUNICIPAL FIREFIGHTERS PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS*
(UNAUDITED)**

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 87,426	\$ 87,426	\$ -	\$ 448,662	19.49 %
2015	131,476	131,476	-	467,506	28.12
2016	119,368	119,388	(20)	450,764	26.49
2017	133,054	132,954	100	444,925	29.88
2018	151,476	151,356	120	524,465	28.86
2019	79,092	78,972	120	553,315	14.27
2020	85,102	85,102	-	597,616	14.24
2021	61,093	61,093	-	632,473	9.66
2022	57,978	57,978	-	626,955	9.25

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

**UPPER MORELAND TOWNSHIP
SCHEDULES OF CHANGES IN NET OPEB LIABILITY
LAST TEN MEASUREMENT PERIODS*
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:						
Service Cost	\$ 540,915	\$ 535,510	\$ 437,462	\$ 381,863	\$ 398,459	\$ 342,101
Interest	182,613	152,443	245,880	251,999	211,831	226,092
Changes of Benefit Terms	(2,011,163)	-	751,897	-	-	-
Difference Between Actual and Expected Experience	318,449	-	(1,246,654)	-	124,151	-
Changes of Assumptions	(311,081)	(181,710)	367,807	228,309	(235,483)	209,583
Benefit Payments	(293,464)	(294,841)	(302,112)	(294,212)	(225,782)	(223,507)
Other Changes	-	-	-	-	-	-
Net Change in Total OPEB Liability	(1,573,731)	211,402	254,280	567,959	273,176	554,269
Total OPEB Liability - Beginning	<u>7,734,192</u>	<u>7,522,790</u>	<u>7,268,510</u>	<u>6,700,551</u>	<u>6,427,375</u>	<u>5,873,106</u>
Total OPEB Liability - Ending	<u>\$ 6,160,461</u>	<u>\$ 7,734,192</u>	<u>\$ 7,522,790</u>	<u>\$ 7,268,510</u>	<u>\$ 6,700,551</u>	<u>\$ 6,427,375</u>

NOTES TO SCHEDULE

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

2) Changes in assumptions: The discount rate changed from 2.25% to 4.31%.

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

**UPPER MORELAND TOWNSHIP
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Debt Service	Capital Reserve	Highway Aid	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,637	\$ -	\$ -	\$ 4,637
Investments	-	142,651	340,798	483,449
Receivables	15,353	-	1,500	16,853
Due from Other Funds	-	-	115,945	115,945
	<u>\$ 19,990</u>	<u>\$ 142,651</u>	<u>\$ 458,243</u>	<u>\$ 620,884</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 15,353	\$ -	\$ -	\$ 15,353
Total Deferred Inflows of Resources	15,353	-	-	15,353
FUND BALANCES				
Restricted for:				
Public Works	-	-	458,243	458,243
Debt Service	4,637	-	-	4,637
Assigned:				
Capital Additions	-	142,651	-	142,651
Total Fund Balances	<u>4,637</u>	<u>142,651</u>	<u>458,243</u>	<u>605,531</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 19,990</u>	<u>\$ 142,651</u>	<u>\$ 458,243</u>	<u>\$ 620,884</u>

**UPPER MORELAND TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2023**

	Debt Service	Capital Reserve	Highway Aid	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Real Estate	\$ 856,927	\$ -	\$ -	\$ 856,927
Investment Income	2,564	12,699	31,087	46,350
Intergovernmental Revenues	-	-	796,519	796,519
Total Revenues	859,491	12,699	827,606	1,699,796
EXPENDITURES				
Current:				
General Government	21,490	14,108	-	35,598
Highways and Roads	-	247,032	702,868	949,900
Debt Service:				
Principal	625,000	-	-	625,000
Interest	255,068	-	-	255,068
Total Expenditures	901,558	261,140	702,868	1,865,566
NET CHANGE IN FUND BALANCES	(42,067)	(248,441)	124,738	(165,770)
Total Fund Balance - Beginning of Year	46,704	391,092	333,505	771,301
TOTAL FUND BALANCE - END OF YEAR	\$ 4,637	\$ 142,651	\$ 458,243	\$ 605,531

**UPPER MORELAND TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
Passed-through The Pennsylvania Department of Community Affairs:				
COVID-19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Fund	21.027	23-6003102	\$ -	\$ 466,424
Total U.S. Department of Treasury				<u>466,424</u>
U.S. Department of Homeland Security				
Passed-through The Commonwealth of Pennsylvania:				
Hazard Mitigation Grant Program	97.039	23-6003102	\$ -	913,200
Total U.S. Department of Homeland Security				<u>913,200</u>
Total Expenditures of Federal Awards				<u>\$ 1,379,624</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards

**UPPER MORELAND TOWNSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Township under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Township.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Township has elected not to use the 10 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.



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

Board of Commissioners
Upper Moreland Township
Willow Grove, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township (the Township), Montgomery County, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated February 24, 2025. The financial statements of the discretely presented component units, the Upper Moreland Free Public Library and the Willow Grove Volunteer Fire Company, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Report on Internal Control Over Financial Reporting

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

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Moreland Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Upper Moreland Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
February 24, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Upper Moreland Township
Willow Grove, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Upper Moreland Township's (the Township) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2023. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

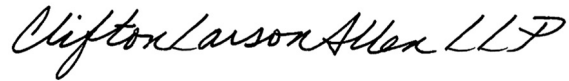
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Commissioners
Upper Moreland Township

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
February 24, 2025

**UPPER MORELAND TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number

97.039

Name of Federal Program or Cluster

Hazard Mitigation Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**UPPER MORELAND TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

2023 – 001 – Timely and Accurate Financial Reporting

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: The Township did not provide a timely and accurate trial balance and underlying reconciliations, which caused difficulties in completing the audit plan and various audit sections. Additionally, late adjustments have been made to the trial balance changing the financial statement amounts causing the audit fieldwork to continue into late December.

Criteria or specific requirement: Timely and accurate financial reporting is an important element of the Township's control environment. Financial reporting provides the foundation for financial analysis, a critical component needed to be able to respond timely to financial related issues.

Effect: Financial records for the year ended December 31, 2023 were not finalized until several months after year-end. Adjusting journal entries were needed to ensure completeness and accuracy of the financial statements.

Cause: Management's preparation and review of the financial statements and related supporting schedules in regard to various accounts were not performed timely and consistently.

Repeat Finding: No

Recommendation: We suggest that the Township maintain a general ledger that is reconciled on a regular basis to the underlying accounting records and prior year audited financials. The Township should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner.

Views of responsible officials: Management agrees with the finding and has developed a plan to correct the finding.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**UPPER MORELAND TOWNSHIP
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2023**

The Upper Moreland Township respectfully submits the following corrective action plan for the year ended December 31, 2023.

Audit period: January 1, 2023, to December 31, 2023

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2023-001 Timely and Accurate Financial Reporting

Recommendation: We suggest that the Township maintain a general ledger that is reconciled on a regular basis to the underlying accounting records and prior year audited financials. The Township should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Township does maintain a general ledger that is reconciled on a regular basis. With turnover in Township staffing right at the end of FY2023, we will continue working to complete both month-end and year-end schedules appropriately and efficiently.

Name(s) of the contact person(s) responsible for corrective action: John Bates, Assistant Township Manager / Director of Finance

Planned completion date for corrective action plan: Procedures are continuing to be evaluated and implemented through FY2024 and FY2025.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There were no Federal award program findings in the current year.

If there are questions regarding this plan, please contact the individual(s) noted above.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

APPENDIX D
Continuing Disclosure Certificate

\$[_____]
UPPER MORELAND TOWNSHIP
(MONTGOMERY COUNTY, PENNSYLVANIA)
Dated [_____, 2025 – Final Maturity [_____, 2054
GENERAL OBLIGATION BONDS, SERIES OF 2025

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Certificate”) is executed and delivered the ____ day of _____, 2025 by Upper Moreland Township (the “Issuer”) in connection with the issuance of its \$[_____] General Obligation Bonds, Series of 2025 (the “Bonds”). The Bonds are being issued pursuant to an ordinance adopted by the Issuer’s Board of Commissioners on June 2, 2025 (the “Authorizing Legislation”). The Issuer certifies, covenants, and agrees as follows:

SECTION 1. Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”).

SECTION 2. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Bonds. Notwithstanding the foregoing, the term “Disclosure Agent” shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“*Annual Financial Information*” shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using a modified accrual basis of accounting, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be incorporated by reference from other documents, including offering documents, including preliminary official statements or official statements, of debt issues of the Issuer or related public entities, which have been submitted to the MSRB through EMMA, the SID, if any, or filed with the SEC. If the document incorporated by reference is a final Official Statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

“*Beneficial Owner*” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including personal holding Bonds through nominees, depositories, or other intermediaries).

“*Bondholders*” shall mean any holder of the Bonds and any Beneficial Owner thereof.

“*EMMA*” shall mean the Electronic Municipal Market Access System created by the MSRB and located at www.emma.msrb.org and as described in Securities and Exchange Commission Release No. 34-59061 and Release No. 34-59062.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Material Event*” shall mean any of the events listed in items (i) through (xvi) below the occurrence of which the Issuer obtains knowledge. The following events with respect to the Bonds shall constitute Material Events:

- (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;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of bondholders, 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 events of the Issuer (this event is considered to occur when any of the following occur: The 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, rearrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);

- (xiii) The consummation of a merger, consolidation, or acquisition involving 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) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (xv) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect bondholders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The SEC requires the listing of the events described in subsections (i) through (xvi) of this definition, although some of such events may not be applicable to the Bonds.

“*Official Statement*” shall mean the Upper Moreland Township Official Statement associated with the Bonds dated [_____], 2025.

“*Operating Data*” shall mean certain operating data generally consistent with the information provided under the following captions contained in the Official Statement under the heading titled “TOWNSHIP FINANCES” the information contained in the tables titled “TOWNSHIP OF UPPER MORELAND REAL PROPERTY TAX RATES,” “TOWNSHIP OF UPPER MORELAND ASSESSMENT BY LAND USE,” “REAL PROPERTY ASSESSMENT DATA,” “TOWNSHIP OF UPPER MORELAND REAL PROPERTY TAX COLLECTION DATA” and “TOWNSHIP OF UPPER MORELAND TEN LARGEST REAL PROPERTY TAXPAYERS, 2024”.

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

“*SEC*” shall mean the Securities and Exchange Commission.

“*SID*” shall mean the state information depository (“*SID*”), as such term is used in the Securities and Exchange Commission Release No. 34-34961.

“*State*” shall mean Commonwealth of Pennsylvania.

SECTION 3. Disclosure of Information.

(A) Information Provided to be Disclosed. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, a filing with the MSRB through EMMA of the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data by August 1 following the end of each fiscal year, beginning with fiscal year ending December 31, 2025, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information and Operating Data.

(2) Material Events Notices. Notice of the occurrence of a Material Event, which notice shall be filed not more than ten (10) business days after the occurrence thereof.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Means of Submitting Information.

The Issuer or the Disclosure Agent under this Certificate shall submit the information required to be disclosed under this Certificate:

(a) to the MSRB using EMMA. Such information shall be transmitted in portable document format (pdf) at www.emma.msrb.org, and accompanied by identifying information as prescribed by the MSRB (in word-searchable format); and/or

(b) to the *SID* (if a *SID* is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a *SID* by whatever means are

mutually acceptable to the Disclosure Agent or the Issuer, as applicable, and the SID;

SECTION 4. Amendment or Modification.

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

SECTION 5. Miscellaneous.

(A) Termination. The Issuer's obligations under this Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of a Material Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of a Material Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of a Material Event.

(C) Defaults; Remedies. In the event of a failure of the Issuer or the Disclosure Agent to comply with any provision of this Certificate any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer or the Disclosure Agent to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Bonds and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriters and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

SECTION 6. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

UPPER MORELAND TOWNSHIP

By: _____
Name: Clifton (Kip) McFatridge
Title: President, Board of Commissioners

[SIGNATURE PAGE – CONTINUING DISCLOSURE CERTIFICATE]