CUMRU TOWNSHIP

BASIC FINANCIAL STATEMENTS, SUPPLEMENTARY AND OTHER INFORMATION

As of and for the Year Ended December 31, 2025

And Report of Independent Auditor

Cherry Bekaert LLP

Your Guide Forward

CUMRU TOWNSHIP
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Commissioners
Cumru Township
Mohnton, Pennsylvania

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2025, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

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

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

Cherry Bekaert LLP

Reading, Pennsylvania
September 15, 2026

CUMRU TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS

DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 6,590,252	$ 5,949,394	$ 12,539,646
Restricted escrow deposits	221,273	20,908	242,181
Total Assets	6,811,525	5,970,302	12,781,827
LIABILITIES			
Payroll tax withholdings	11,834	-	11,834
Funds held in escrow	221,273	20,908	242,181
Total Liabilities	233,107	20,908	254,015
NET POSITION			
Restricted for:			
Public safety	1,082,110	-	1,082,110
Public works - sanitation	607,791	-	607,791
Public works - highways and streets	382,680	-	382,680
Culture and recreation	34,725	-	34,725
Capital projects	1,430,923	-	1,430,923
Debt service	17,553	-	17,553
Unrestricted	3,022,636	5,949,394	8,972,030
Total Net Position	$ 6,578,418	$ 5,949,394	$ 12,527,812

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

CUMRU TOWNSHIP
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
Governmental Activities:							
General government	$ 1,182,867	$ 162,511	$ 14,059	$ -	$ (1,006,297)	$ -	$ (1,006,297)
Public safety:							
Police	6,340,940	76,458	-	55,881	(6,208,601)	-	(6,208,601)
Fire, ambulance, and rescue	11,208,970	8,374	159,534	-	(11,041,062)	-	(11,041,062)
Other (planning, zoning, etc.)	295,113	276,070	-	-	(19,043)	-	(19,043)
Public works - sanitation	1,647,164	1,619,010	4,194	-	(23,960)	-	(23,960)
Public works - highways and streets	2,154,515	16,857	510,062	-	(1,627,596)	-	(1,627,596)
Culture and recreation	80,601	-	-	-	(80,601)	-	(80,601)
Employer paid benefits and other	1,251,249	-	495,895	-	(755,354)	-	(755,354)
Debt - principal	365,000	-	-	-	(365,000)	-	(365,000)
Debt - interest, agent fees	383,316	-	-	-	(383,316)	-	(383,316)
Total Governmental Activities	24,909,735	2,159,280	1,183,744	55,881	(21,510,830)	-	(21,510,830)
Business-Type Activities:							
Wastewater/sewage treatment and collection	4,439,845	5,694,809	57,451	-	-	1,312,415	1,312,415
Total Primary Government	$ 29,349,580	$ 7,854,089	$ 1,241,195	$ 55,881	(21,510,830)	1,312,415	(20,198,415)
General Revenues:							
Taxes:							
Property taxes					7,717,893	-	7,717,893
Earned income taxes					3,319,139	-	3,319,139
Real estate transfer and other taxes					815,459	-	815,459
Host municipality benefit fee					366,048	-	366,048
Investment earnings					449,058	190,087	639,145
Sale of capital assets					547,250	-	547,250
Miscellaneous income					55,013	-	55,013
Total General Revenues					13,269,860	190,087	13,459,947
Change in net position					(8,240,970)	1,502,502	(6,738,468)
Net position, beginning of year					14,819,388	4,446,892	19,266,280
Net position, end of year					$ 6,578,418	$ 5,949,394	$ 12,527,812

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

CUMRU TOWNSHIP
BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General	Fire Protection	Refuse Collection	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 3,084,951	$ 718,425	$ 607,791	$ 1,437,038	$ 742,047	$ 6,590,252
Restricted escrow deposits	178,741	26,832	-	-	15,700	221,273
Total Assets	$ 3,263,692	$ 745,257	$ 607,791	$ 1,437,038	$ 757,747	$ 6,811,525
LIABILITIES AND FUND BALANCES						
Liabilities:						
Payroll tax withholdings	$ 11,834	$ -	$ -	$ -	$ -	$ 11,834
Funds held in escrow	178,741	26,832	-	-	15,700	221,273
Total Liabilities	190,575	26,832	-	-	15,700	233,107
Fund Balances:						
Restricted for:						
Public safety	21,871	718,425	-	-	341,814	1,082,110
Public works - sanitation	-	-	607,791	-	-	607,791
Public works - highways and street	-	-	-	-	382,680	382,680
Culture and recreation	34,725	-	-	-	-	34,725
Capital projects	-	-	-	1,430,923	-	1,430,923
Debt service	-	-	-	-	17,553	17,553
Assigned	-	-	-	6,115	-	6,115
Unassigned	3,016,521	-	-	-	-	3,016,521
Total Fund Balances	3,073,117	718,425	607,791	1,437,038	742,047	6,578,418
Total Liabilities and Fund Balances	$ 3,263,692	$ 745,257	$ 607,791	$ 1,437,038	$ 757,747	$ 6,811,525

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

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

YEAR ENDED DECEMBER 31, 2025

	General	Fire Protection	Refuse Collection	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues:						
Real estate taxes	$ 4,688,163	$ 1,990,470	$ -	$ -	$ 1,039,260	$ 7,717,893
Earned income taxes	3,319,139	-	-	-	-	3,319,139
Other taxes	815,459	-	-	-	-	815,459
Licenses, permits, and fines	196,596	25	-	-	-	196,621
Interest and rent	164,945	42,839	34,928	176,815	31,535	451,062
Intergovernmental	507,677	121,241	4,194	55,881	512,339	1,201,332
Charges for services	623,866	8,349	1,619,010	-	16,570	2,267,795
Special assessments	-	-	-	-	58,911	58,911
Other	53,370	39,783	150	-	-	93,303
Total Revenues	10,369,215	2,202,707	1,658,282	232,696	1,658,615	16,121,515
Expenditures:						
Current:						
General government	1,182,567	-	-	300	-	1,182,867
Public safety:						
Police	6,239,126	-	-	101,814	-	6,340,940
Fire, ambulance, and rescue	11,720	2,741,702	-	8,108,923	346,625	11,208,970
Other (planning, zoning, etc.)	202,681	-	-	-	92,432	295,113
Public works - sanitation	-	-	1,647,164	-	-	1,647,164
Public works - highways and streets	1,763,803	-	-	50,123	340,589	2,154,515
Culture and recreation	80,601	-	-	-	-	80,601
Employer paid benefits and other	1,229,663	-	-	21,586	-	1,251,249
Debt service - principal	-	-	-	-	365,000	365,000
Debt service - interest, agent fees	-	-	-	-	383,316	383,316
Total Expenditures	10,710,161	2,741,702	1,647,164	8,282,746	1,527,962	24,909,735
Excess (Deficiency) of Revenues Over Expenditures	(340,946)	(538,995)	11,118	(8,050,050)	130,653	(8,788,220)
Other Financing Sources (Uses):						
Sale of capital assets	15,000	532,250	-	-	-	547,250
Transfers in	-	-	-	75,929	10,000	85,929
Transfers out	(85,929)	-	-	-	-	(85,929)
Total Other Financing Sources (Uses)	(70,929)	532,250	-	75,929	10,000	547,250
Net change in fund balances	(411,875)	(6,745)	11,118	(7,974,121)	140,653	(8,240,970)
Fund balances, beginning of year	3,484,992	725,170	596,673	9,411,159	601,394	14,819,388
Fund balances, end of year	$ 3,073,117	$ 718,425	$ 607,791	$ 1,437,038	$ 742,047	$ 6,578,418

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

CUMRU TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS – PROPRIETARY FUND

DECEMBER 31, 2025

	Sewer Fund
ASSETS	
Current Assets:	
Cash and investments	$ 5,949,394
Restricted escrow deposits	20,908
Total Assets	5,970,302
LIABILITIES	
Current Liabilities:	
Funds held in escrow	20,908
NET POSITION	
Unrestricted	$ 5,949,394

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

CUMRU TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
MODIFIED CASH BASIS – PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2025

	Sewer Fund
Operating Revenues:	
Charges for Services:	
Sanitation charges	$ 5,687,888
Connection fees	6,921
Total Operating Revenues	5,694,809
Operating Expenses:	
Personnel services	1,227,131
Maintenance, operations, and contract services	2,975,397
Professional fees	202,551
Materials and supplies	30,517
Miscellaneous expense	4,249
Total Operating Expenses	4,439,845
Net Operating Income	1,254,964
Nonoperating Revenues:	
Intergovernmental revenue	57,451
Interest income	190,087
Total Nonoperating Revenues	247,538
Change in net position	1,502,502
Net position, beginning of year	4,446,892
Net position, end of year	$ 5,949,394

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

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

DECEMBER 31, 2025

	Pension Trust Funds
ASSETS	
Cash and investments	$ 30,208,854
NET POSITION	
Net position held in trust for pension benefits	$ 30,208,854

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

CUMRU TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS – FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2025

	Pension Trust Funds
Additions:	
Contributions:	
Township and Commonwealth	$ 1,398,041
Employee	332,794
Other	593
Investment Income:	
Interest and dividends	792,186
Investment gain	2,807,437
Total Additions	5,331,051
Deductions:	
Benefit payments, including tax withheld	1,759,356
Administrative expenses	239,695
Total Deductions	1,999,051
Change in net position	3,332,000
Net position, beginning of year	26,876,854
Net position, end of year	$ 30,208,854

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

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

The Cumru Township (the "Township"), Berks County, Pennsylvania, is a first-class township created in 1737. The Township is governed by five (5) elected commissioners in accordance with laws of the Commonwealth of Pennsylvania. The commissioners must be residents and registered voters who are elected every two years, on a staggered basis, for a four-year term. The commissioners have the power to establish policies to be carried out by the Township. The commissioners appoint a manager who is responsible for the execution of all actions of the commissioners. The manager manages the Township with the assistance of the Township secretary and the director of public services.

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

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

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

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

Some component units, despite being legally separate from the primary government (Township), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the Municipal Authority of Cumru (the "Authority"). The Authority was formed pursuant to the Municipal Authority Act. The five-member board is appointed by the Township Commissioners. The Authority's primary function is to serve as a recommending body to the Township to oversee sewer projects. The Authority does not currently conduct independent financial operations; however, it does, from time to time, issue conduit debt on behalf of other entities.

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

Basis of Presentation – Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds which are reported only in the fund financial statements. The government-wide statements include separate columns and distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business-type and fiduciary funds.

Basis of Presentation – Fund Financial Statements – The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as one column (nonmajor funds) on the fund financial statements.

The Township Reports the Following Major Governmental Funds:

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

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

The Township's major special revenue funds are:

Fire Protection Fund – This fund is used to account for the proceeds from the real estate assessment of 2.30 mills for assisting with fire related public safety expenses.

Refuse Collection Fund – This fund is used to account for refuse collection and recycling fees and grants.

Capital Projects Fund – This fund is used to account for financial resources set aside for future capital asset needs of the Township and to account for debt issued in relation to the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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

The Township's nonmajor governmental funds are:

Special Revenue

Ambulance Fund – This fund is used to account for the proceeds from the real estate assessment of 0.34 mills for assisting with ambulance safety expenditures.

Sewage Management Fund – This fund is used to account for sewage management program assessments and fees used for the inspection and enforcement of regulations of on-lot sewage disposal systems.

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

Storm Water Fund – This fund is used to account for fees paid by developers to be used for storm water inspections and improvements.

Debt Service Fund – This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds. A real estate tax levy of 0.85 mills is assessed for this fund.

The Township has the following major proprietary (enterprise) fund:

Enterprise Fund – This fund is used to account for business-like activities provided to the general public. Activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The Township's only major enterprise fund is the following:

Sewer Fund – is used to account for the operation of the sewer collection system which is operated as a public utility and not included as a regular function in the general fund.

Additionally, the Township reports the following fund types:

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

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

Cumru Township Nonuniformed Defined Benefit Pension Fund – This fund was established to provide pension benefits to Township employees.

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

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

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

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

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

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

- All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

- The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

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

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

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

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

Financial Position

Investments – The Township commissioners are authorized by statutes to invest its funds as defined in the Township Code. When making investments, commissioners can combine monies from more than one fund under the commissioners' control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

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

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

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

Interfund Transactions – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivable/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

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

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

Net Position/Fund Balance Classifications

Government-Wide Statements, Proprietary Funds, and Fiduciary Funds

Net position is classified and displayed in two components:

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

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

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

Governmental Fund Financial Statements

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

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

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

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

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

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

Fund Balance Policies

Spending Policy – The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the government accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

Minimum Fund Balance Policy – The Township has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Revenues, Expenditures, and Expenses

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

General Government – Charges for services include receipts for licenses, franchise fees, fines, and permits. Operating grants include various grant revenues received.

Public Safety – Charges for services include receipts for fines, permits, and sewage management charges. Operating grants include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania, state pension aid allocation, and contributions. Capital grants include equipment grant from the Commonwealth of Pennsylvania.

Public Works: Sanitation – Charges for services include fees charged for refuse collection. Operating grants include pension aid from the Commonwealth of Pennsylvania.

Public Works: Highways and Streets – Charges for services include traffic impact fees and storm water fees from developers. Operating grants include proceeds from the State Motor License Fund through the Commonwealth of Pennsylvania.

Employer Paid Benefits and Insurance – Includes general municipal pension system state aid from the Commonwealth of Pennsylvania not allocated to other governmental activities.

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges to customers for waste disposal treatment. Operating expenses for the sewer fund include personnel, maintenance, operations, contracted services, professional fees, and materials and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Property Taxes – Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2025 calendar year levied taxes on March 1, 2025, at 8.835 mills (5.345 mills for general operating purposes, 0.85 mills for debt service, 0.34 mills for ambulance, and 2.30 mills for fire protection). Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Berks County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at $887,534,900.

Note 2—Cash and investments

Under Section 1705.1 of the Commonwealth of Pennsylvania First Class Township Code, the Township is permitted to invest operating funds in the following types of investments:

- United States Treasury bills.
- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts, time deposits, certificates of deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

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

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

The components of cash and investments in the financial statements at December 31, 2025, are summarized as follows:

Petty cash	$	1,625
Deposits		4,124,353
Pooled cash (PLGIT)		7,224,926
U.S. Treasury securities		1,430,923
Pension cash and investments		30,208,854
	$	42,990,681

Note 2—Cash and investments (continued)

Cash

Custodial Credit Risk – Deposit – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2025, the carrying amount of the Township's deposits was $4,124,353 and the bank balance was $4,455,190. Of the bank balance, $250,000 was covered by Federal Deposit Insurance Corporation ("FDIC") and $4,205,190 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

Pooled Cash and Investments – As of December 31, 2025, the Township had the following pooled cash and investments:

	Amortized Cost	
Pooled Cash:		
PA Local Government Investment Trust (PLGIT):		
Prime	$ 6,936,561	
Class	288,365	
Total pooled cash	$ 7,224,926	

Investments:	Fair Value	Level
U.S. Treasury securities	$ 1,430,923	1

Certain external pool investments held by the Township, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels. The Township measures those investments, which include $7,224,926 Pennsylvania Local Government Investment Trust ("PLGIT"), at amortized cost.

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

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

PLGIT/PRIME - A variable rate investment portfolio rated AAAm by Standard & Poor's which requires no minimum balance and no minimum investment. This option limits redemptions or exchanges to two per calendar month.

PLGIT/Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investments, and a one-day minimum investment period. Dividends are paid monthly.

The Township's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Township's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

Note 2—Cash and investments (continued)

The Townships investments of $1,430,923 as of December 31, 2025 are held in State and Local Government Series securities which are special purpose securities that Treasury issues to state and local governments to assist with compliance of federal tax laws and Internal Revenue Service regulations governing the investment of cash proceeds generated from a tax-exempt bond issuance.

As of December 31, 2025, the entire PLGIT book balance of $7,224,926 and the investment carrying balance of $1,430,923 are considered to be cash equivalents for presentation on the government-wide and fund financial statements.

Pension Trust Funds – The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. The Township maintains investment policies that summarize the investment philosophy of the Township and establishes investment guidelines and performance objectives for both the Police and Nonuniformed Pension Plans.

As of December 31, 2025, the Township had the following cash and investments in its pension trust funds:

Cash or Investment Type	Fair Value	Level
Mutual funds	$ 5,318,113	1
Common stocks	16,349,797	1
U.S. Government securities	4,684,772	2
Corporate bonds	2,147,925	2
	28,500,607	
Cash and money market funds	1,708,247	N/A
Total pension cash and investments	$ 30,208,854	

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

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. The pension trust funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2025, the pension trust funds' investment in corporate bonds range in ratings from AA- to BBB- by Standard and Poor's.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in any one issuer. There were no investments in the Police Pension Plan or the Nonuniformed Plan that constituted more than 5% of any of the plan net assets available for benefits at December 31, 2025. In addition, the plans did not have any investment transactions with related parties during the year.

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of the failure of the counterparty the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Township does not hold any investments subject to custodial credit risk. The pension cash balance includes $83,171 of funds that are FDIC insured.

Note 3—Interfund transfers

The following is a summary of the interfund transfers at December 31, 2025:

	Transfers In	Transfers Out
General fund	$ -	$ 85,929
Debt service	10,000	-
Capital projects	75,929	-
	$ 85,929	$ 85,929

The transfers from general fund were to fund debt service and capital needs.

Note 4—Long-term debt

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

General Obligation Bonds, Series of 2020 (Governmental Activities) – On October 29, 2020, the Township issued $15,475,000 in General Obligation Bonds to currently refund the Township's General Obligation Bond, Series of 2013 and General Obligation Note, Series of 2020, to fund certain capital projects located within the Township, to capitalize interest on the Bonds, and to pay debt issuance costs. Principal payments are due annually on September 15 of each year, while interest is due semi-annually on March 15 and September 15 of each year. Final payment of the outstanding principal and accrued interest is due on September 15, 2050. The bond bears interest at rates ranging from 2.00% to 5.00%.

Maturity on long-term debt is as follows:

	2020 GOB	
Years Ending December 31,	**Principal**	**Interest**
2026	$ 380,000	$ 358,320
2027	400,000	339,320
2028	420,000	319,320
2029	440,000	298,320
2030	460,000	276,320
2031-2035	2,525,000	1,167,600
2036-2040	2,780,000	905,100
2041-2045	3,085,000	603,330
2046-2050	3,450,000	241,500
	$ 13,940,000	$ 4,509,130

Note 4—Long-term debt (continued)

The following is a summary of the Township's long-term debt transactions for the year ended December 31, 2025:

	General Obligation Bonds Series of 2020
Debt outstanding, beginning of year	$ 14,305,000
Repayment of debt	(365,000)
Debt outstanding, end of year	$ 13,940,000

Funds to satisfy the 2020 General Obligation Bonds will be provided by future tax revenues with payments made by the Debt Service Fund. Total interest expense paid during the year was $376,570.

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

Note 5—Pension plans

The Township administers and contributes to the Cumru Township Police Pension Plan and the Cumru Township Nonuniformed Pension Plan. Both plans are single employer, defined benefit public employee retirement plans. The assets of the plans are invested separately, and each plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

Effective December 31, 2012, the township elected to discontinue the accrual of service impacting the defined benefit provisions of the plan and provided 100% vesting for all plan participants at December 31, 2012. Effective January 1, 2013, a cash balance plan with a defined contribution was initiated.

The defined contribution component did not qualify as a fiduciary component unit or a fiduciary fund and, therefore, was not included in the Township's financial statements. In January 2024 the Township approved a new collective bargaining agreement with the Township's nonuniformed employees. This agreement reinstated the defined benefit pension structure effective January 1, 2024 for all current and future plan members. As a result, the assets in the cash balance plan at January 1, 2024 of $1,784,641 were transferred to the defined benefit plan.

Note 5—Pension plans (continued)

Plan Descriptions – The Police Pension Plan covers all full-time members of the police force upon completion of a probationary period. The Plan provides for retirement, disability, and death benefits to plan members and their beneficiaries. A member may retire after reaching age 50 and completion of 25 years of service. Benefits vest after 12 years of service. Employees who retire after reaching age 50 are entitled to monthly pension payments for the remainder of their lives equal to 50% of the average monthly pay based on the last 36 months of employment, plus $100 for each year of service over 25 years with a maximum of $500 per month. Payments continue after participant's death to the surviving spouse, providing not remarried, or to dependent children to age 18. For post January 1, 2000 retirees, an annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30% and a maximum pension benefit of 75% of the salary used for computing retirement benefit. The Plan includes a deferred retirement option program provision for any officer who has reached both the age and service requirements for full retirement to enter the program for a period of 1 to 5 years.

If active and killed in line of duty, a monthly death benefit is paid to the spouse or eligible child equal to 100% of monthly salary at time of death. Pension provisions include death benefits whereby the beneficiary is entitled to receive a death benefit equal to 50% of the benefit the member would have been receiving had he/she been retired at the time of death. In addition, $26,000 in death benefits are provided by insurance policies held outside the Plan.

A disabled employee is entitled to receive disability benefits as long as the disability continues. Disability pension to equal 50% of the average monthly pay.

The Nonuniformed Pension Plan provides pension benefits, early or late optional retirement benefit provisions, and death and disability benefits. Under the defined benefit plan, a member may retire after reaching age 65. Benefits vest after seven years of service. Employees who retire after reaching age 65 are entitled to monthly pension benefits for the remainder of their lives equal to 1.5% of average monthly pay multiplied by years of service. Average monthly pay is based on the last five calendar years ending prior to the date of retirement. A member is eligible for early retirement after attainment of age 55 and completion of 10 years of service. The accrued benefit is reduced by 6-2/3% for each year up to 5 years that early retirement precedes normal retirement and by 3-1/3% for each year between 5 and 10 years early.

Funding Policy – The contribution requirements of plan members and the Township are established and may be amended by the Township commissioners. Police and Nonuniformed Pension Plan members are required to contribute 5.0% and 3.0% of compensation, respectively. The contributions required of the Township under the defined benefit plans are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended December 31, 2025, the rate of Township contributions for the Police Pension Plan and the Nonuniformed Pension Plan was 22.4% and 9.0% of covered payroll, respectively. The total Township, employee, and other contributions to the Police Pension Plan for the years ended December 31, 2025, 2024, and 2023 were $1,214,714, $1,142,325, and $1,088,125, respectively, which are equal to or exceed the required contribution for each year. The total Township, employee, and other contributions to the Nonuniformed Defined Benefit Pension Plan for the years ended December 31, 2025, 2024, and 2023 were $516,714, $523,636, and $62,354, respectively, which are equal to or exceed the required contribution for the year. The total Township and employee contributions to the Nonuniformed Defined Contribution Pension Plan for the years ended December 31, 2025, 2024, and 2023 were $-0-, $-0-, and $223,557, respectively, which are equal to or exceed the required contribution for each year.

Note 6—Deferred compensation plan

Effective January 1, 1996, the Township implemented a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to those employees who meet eligibility requirements set forth in the plan, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, or unforeseeable emergency. The Township has no liability for losses under the plan arising from expense charges of any kind or from depreciation or shrinkage in the value of assets of the plan, but does have the duty of executing due care that would be required of an ordinary prudent investor. Contributions to the plan are voluntary employee deductions, with the Township making no contributions.

Note 7—Other postemployment benefits

Plan Description – The Township administers a single-employer defined benefit healthcare plan (the Police Other Postemployment Benefits Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Township's health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiation with the Township and the unions representing the Township's employees. The Police Other Postemployment Benefits Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are negotiated between the Township and union representatives. The required contribution is based on pay-as-you-go financing. For all employees upon attainment of age 55 that were retired or disabled in the line of duty (an officer is eligible for retirement upon attainment of age 50 and completion of 25 years of service), the Township pays the premium determined for the member's health, prescription drug, dental, and vision insurance only at the time of retirement. The member is responsible for any additional premium due to increases in the premium after retirement or coverage of a spouse and any eligible dependents. Their benefits are for their life plus one surviving spouse and eligible dependents to receive medical, prescription drug, dental, and vision until the earlier of three years, death, remarriage, or attaining eligibility for coverage under another plan.

The retired plan member may elect to continue coverage for themselves and their dependents until the retired plan member reaches Medicare age. If coverage from alternative employment is lost, coverage with the Township shall be reinstated. For the fiscal year ended December 31, 2025, the Township made no contribution to the plan related to retirees.

Note 8—Fund balance

For details of the Township's governmental fund balance reporting and policy (see Note 1). Fund balance classifications for the year ended December 31, 2025, are as follows:

General Fund – The general fund has restricted funds of $21,871 for police items, $34,725 for culture and recreation consisting of unspent fees in lieu of open space, and an unassigned fund balance of $3,016,521.

Fire Protection Fund – The fire protection fund has restricted funds of $718,425, consisting primarily of unspent real estate tax millage assessed for public safety - fire protection.

Refuse Fund – The refuse fund has restricted funds of $607,791, consisting primarily of unspent dwelling unit charges for public works - sanitation.

Capital Projects Fund – The capital projects fund has restricted funds of $1,430,923 of unspent bond funds and assigned funds of $6,115 consisting primarily of transfers from the general fund to be used for future capital purchases.

Note 8—Fund balance (continued)

Nonmajor Governmental Funds

Ambulance Fund – The ambulance fund has restricted funds of $66,940, consisting primarily of unspent real estate tax millage assessed for public safety - emergency medical services.

Sewage Management Fund – The sewage management fund has restricted funds of $274,874, consisting primarily of unspent sewage management program fees for public safety - other.

Liquid Fuels Fund – The liquid fuels fund has restricted funds of $380,609 consisting primarily of unspent state highways and streets funds for public works - highways and streets.

Storm Water Fund – The storm water fund has restricted funds of $2,071, consisting primarily of unspent developer highways and streets storm water fees for public works - highways and streets.

Debt Service – The debt service fund has restricted funds of $17,553, consisting of unspent real estate tax millage assessed for debt service payments.

Note 9—Emergency medical services – commitments

The Township entered into an agreement with TowerDIRECT for the period January 1, 2024 through December 31, 2026. The fee for the calendar year 2025 was $308,800 and the fee for calendar year 2026 will be $308,880. In order to properly fund this service, the Township has levied .34 mills on each dollar of assessed value in the 2025 calendar year.

Note 10—Commitments and contingencies

Various claims and lawsuits are pending against the Township. In the opinion of the Township management, the outcome of these claims and lawsuits will not have a material adverse effect on the accompanying financial statements.

Lease Purchase Agreements – The Township is financing the acquisition of a fire engine and a fire pumper truck through lease purchase agreements entered on June 22, 2021 and November 28, 2022, respectively. Per the agreements, the Township has the option at the end of each lease to buyout at a price included in the commitment amount, refinance the balloon payment amount, or to return the equipment and enter into a new agreement with the vendor. Annual payments for the engine are $68,383 with a balloon payment of $176,259 due June 22, 2031. The interest rate is 3.15%. Annual payments for the pumper truck are $97,031 with a balloon payment of $184,262 due November 28, 2033. The interest rate is 4.69%.

Maturities on lease purchase agreements are as follows:

	Fire Engine		Pumper Truck		Total	
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 53,951	$ 14,432	$ 64,411	$ 32,620	$ 118,362	$ 47,052
2027	55,650	12,733	67,432	29,599	123,082	42,332
2028	57,403	10,980	70,595	26,436	127,998	37,416
2029	59,211	9,172	73,906	23,125	133,117	32,297
2030	61,077	7,306	77,371	19,660	138,448	26,966
2031-2033	170,876	5,383	341,807	36,517	512,683	41,900
	$ 458,168	$ 60,006	$ 695,522	$ 167,957	$ 1,153,690	$ 227,963

Note 10—Commitments and contingencies (continued)

The Township has entered into various contracts related to capital projects as follows:

	Contract Amount	Commitment Remaining
Fire station - phase 2:		
General	$ 9,277,512	$ 1,190,783
Electric	1,717,000	91,724
Plumbing	1,493,674	116,415
Mechanical	1,472,800	13,150
Total fire stations phase 2	$ 13,960,986	$ 1,412,072

The commitments for the fire station project will be funded through remaining 2020 bond funds.

Subsequent to year end, the Township entered into a contract in the amount of $1,076,651 for the Ardmore Avenue sewer replacement project. The project will be funded by cash on hand in the sewer fund.

Note 11—Conduit debt

The Township is involved in a conduit debt transaction for which the Municipal Authority of Cumru issued but retained no obligation for the repayment of the debt. The responsibility for repayment belongs to Cedar Crest College. The aggregate principal amounts outstanding for the conduit debt at December 31, 2025 totals $13,440,000 for Revenue Notes, Series of 2014, Series A and B of 2015, and Series 2017.

Note 12—Risk Management

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

SUPPLEMENTARY INFORMATION

CUMRU TOWNSHIP
COMBINING BALANCE SHEET – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Ambulance	Sewage Management	Liquid Fuels	Storm Water	Debt Service	Totals
ASSETS						
Cash and investments	$ 66,940	$ 274,874	$ 380,609	$ 2,071	$ 17,553	$ 742,047
Restricted escrow deposits	-	-	-	15,700	-	15,700
Total Assets	$ 66,940	$ 274,874	$ 380,609	$ 17,771	$ 17,553	$ 757,747
LIABILITIES AND FUND BALANCES						
Funds held in escrow	$ -	$ -	$ -	$ 15,700	$ -	$ 15,700
Fund Balances:						
Restricted for:						
Public safety	66,940	274,874	-	-	-	341,814
Public works - highways and streets	-	-	380,609	2,071	-	382,680
Debt service	-	-	-	-	17,553	17,553
Total Fund Balances	66,940	274,874	380,609	2,071	17,553	742,047
Total Liabilities and Fund Balances	$ 66,940	$ 274,874	$ 380,609	$ 17,771	$ 17,553	$ 757,747

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

YEAR ENDED DECEMBER 31, 2025

	Ambulance	Sewage Management	Liquid Fuels	Storm Water	Debt Service	Totals
Revenues:						
Real estate taxes	$ 296,830	$ -	$ -	$ -	$ 742,430	$ 1,039,260
Interest and rent	3,962	12,304	9,265	707	5,297	31,535
Intergovernmental	-	2,277	510,062	-	-	512,339
Charges for services	-	7,950	-	8,620	-	16,570
Special assessments	-	58,911	-	-	-	58,911
Total Revenues	300,792	81,442	519,327	9,327	747,727	1,658,615
Expenditures:						
Public safety - fire, ambulance, and rescue	346,625	-	-	-	-	346,625
Public safety - other (planning, zoning, etc.)	-	92,432	-	-	-	92,432
Public works - highways and streets	-	-	318,911	21,678	-	340,589
Debt service - principal	-	-	-	-	365,000	365,000
Debt service - interest, agent fees	-	-	-	-	383,316	383,316
Total Expenditures	346,625	92,432	318,911	21,678	748,316	1,527,962
Excess (Deficiency) of Revenues Over Expenditures	(45,833)	(10,990)	200,416	(12,351)	(589)	130,653
Other Financing Sources:						
Transfers in	-	-	-	-	10,000	10,000
Net change in fund balances	(45,833)	(10,990)	200,416	(12,351)	9,411	140,653
Fund balances, beginning of year	112,773	285,864	180,193	14,422	8,142	601,394
Fund balances, end of year	$ 66,940	$ 274,874	$ 380,609	$ 2,071	$ 17,553	$ 742,047

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

DECEMBER 31, 2025

	Police Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	$ 25,533,972	$ 4,674,882	$ 30,208,854
NET POSITION			
Net position held in trust for pension benefits	$ 25,533,972	$ 4,674,882	$ 30,208,854

CUMRU TOWNSHIP
COMBINING STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS – FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2025

	Police Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Township and Commonwealth	$ 999,826	$ 398,215	$ 1,398,041
Employee	214,295	118,499	332,794
Other	593	-	593
Investment income:			
Interest and dividends	530,530	261,656	792,186
Investment gain	2,596,758	210,679	2,807,437
Total Additions	4,342,002	989,049	5,331,051
Deductions:			
Benefit payments, including tax withheld	1,483,772	275,584	1,759,356
Administrative expenses	205,011	34,684	239,695
Total Deductions	1,688,783	310,268	1,999,051
Change in net position	2,653,219	678,781	3,332,000
Net position, beginning of year	22,880,753	3,996,101	26,876,854
Net position, end of year	$ 25,533,972	$ 4,674,882	$ 30,208,854

OTHER INFORMATION

CUMRU TOWNSHIP
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2025

	Budget *	Actual	Variance
Revenues:			
Real estate taxes	$ 4,720,853	$ 4,688,163	$ (32,690)
Earned income taxes	3,224,771	3,319,139	94,368
Other taxes	810,797	815,459	4,662
Licenses, permits, and fines	192,500	196,596	4,096
Interest and rent	244,396	164,945	(79,451)
Intergovernmental	538,457	507,677	(30,780)
Charges for services	439,140	623,866	184,726
Other	44,459	53,370	8,911
Total Revenues	10,215,373	10,369,215	153,842
Expenditures:			
Current:			
General government	1,219,639	1,182,567	37,072
Public safety:			
Police	6,157,361	6,239,126	(81,765)
Fire, ambulance, and rescue	11,047	11,720	(673)
Other (planning, zoning, etc.)	178,540	202,681	(24,141)
Public works - highways and streets	1,736,531	1,763,803	(27,272)
Culture and recreation	83,840	80,601	3,239
Community development	50,000	-	50,000
Employer paid benefits and other	1,362,821	1,229,663	133,158
Total Expenditures	10,799,779	10,710,161	89,618
Excess (Deficiency) of Revenues over Expenditures	(584,406)	(340,946)	243,460
Other Financing Sources (Uses):			
Sale of capital assets	5,000	15,000	10,000
Transfers out	(69,373)	(85,929)	(16,556)
Total Other Financing Sources (Uses)	(64,373)	(70,929)	(6,556)
Net change in fund balance	$ (648,779)	(411,875)	$ 236,904
Fund balance, beginning of year		3,484,992	
Fund balance, end of year		$ 3,073,117	

* Original and Final Budget are the same.

CUMRU TOWNSHIP
POLICE AND NONUNIFORMED DEFINED BENEFIT PENSION PLANS – SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
(In Accordance with PA Act 205)

SCHEDULES OF FUNDING PROGRESS*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Police Pension Plan						
01/01/25	$ 22,882,887	$ 21,482,592	$ (1,400,295)	106.5%	$ 3,288,437	-42.6%
01/01/23	16,953,123	19,334,366	2,381,243	87.7%	2,813,667	84.6%
01/01/21	17,390,945	18,213,226	822,281	95.5%	2,227,660	36.9%
Nonuniformed Pension Plan						
01/01/25	$ 4,012,438	$ 6,586,112	$ 2,573,674	60.9%	$ 3,069,898	83.8%
01/01/23	1,659,323	2,701,795	1,042,472	61.4%	1,212,535	86.0%
01/01/21	2,064,847	2,678,879	614,032	77.1%	1,345,174	45.6%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Annual Required Contribution	Percentage Contributed
Police Pension Plan		
2025	$ 999,826	100%
2024	963,031	100%
2023	932,837	100%
2022	884,401	100%
2021	1,041,790	100%
2020	893,385	100%
Nonuniformed Pension Plan		
2025	$ 398,215	100%
2024	380,441	100%+
2023	-	100%+
2022	-	100%+
2021	23,692	100%+
2020	42,490	100%+

* Schedules prepared in accordance with actuarial valuations performed under PA Act 205. These valuations are utilized to determine funding requirements for the plans.

CUMRU TOWNSHIP
POLICE AND NONUNIFORMED DEFINED BENEFIT PENSION PLANS – SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
(In Accordance with GASB 68)

Measurement Date	Plan Fiduciary Net Position (a)	Total Pension Liability (TPL)(b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll ((b-a)/c)
Police Pension Plan						
12/31/25	$ 25,528,874	$ 22,383,815	$ (3,145,059)	114.1%	$ 3,489,090	-90.1%
12/31/24	22,882,887	21,612,869	(1,270,018)	105.9%	3,288,437	-38.6%
12/31/23	19,946,367	20,389,924	443,557	97.8%	3,057,754	14.5%
12/31/22	16,953,123	19,939,271	2,986,148	85.0%	2,813,669	106.1%
12/31/21	19,543,240	18,947,423	(595,817)	103.1%	2,499,404	-23.8%
12/31/20	17,381,945	17,520,367	138,422	99.2%	2,227,660	6.2%
12/31/19	15,211,549	16,660,022	1,448,473	91.3%	2,277,043	63.6%
12/31/18	12,394,554	16,381,843	3,987,289	75.7%	2,040,111	195.4%
12/31/17	12,944,772	15,457,940	2,513,168	83.7%	2,091,188	120.2%
12/31/16	11,098,005	14,490,664	3,392,659	76.6%	1,823,506	186.1%
Nonuniformed Pension Plan						
12/31/25	$ 4,674,882	$ 7,003,232	$ 2,328,350	66.8%	$ 3,423,292	68.0%
12/31/24	4,012,438	5,565,824	1,553,386	72.1%	3,069,898	50.6%
12/31/23	1,712,845	2,666,428	953,583	64.2%	1,172,534	81.3%
12/31/22	1,659,323	2,633,407	974,084	63.0%	1,212,535	80.3%
12/31/21	2,174,179	2,688,837	514,658	80.9%	1,309,544	39.3%
12/31/20	2,064,847	2,514,009	449,162	82.1%	1,345,174	33.4%
12/31/19	1,922,200	2,512,166	589,966	76.5%	1,241,468	47.5%
12/31/18	1,682,612	2,457,978	775,366	68.5%	1,302,214	59.5%
12/31/17	1,958,506	2,439,804	481,298	80.3%	1,317,091	36.5%
12/31/16	1,828,283	2,372,135	543,852	77.1%	1,302,380	41.8%

Assumption Changes: In 2016, the interest rate assumption was lowered from 8.0% to 7.5% per annum for the Nonuniformed Pension Plan. In 2017 and 2021 the actuarial tables used for the mortality assumptions were updated for both plans.

Schedules prepared in accordance with actuarial valuations performed in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 68 requires the liability of employers contributing to employees defined benefit pensions to be measured on the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to the employees past period of service, less the cost of the plan's fiduciary net position.

CUMRU TOWNSHIP
OTHER POSTEMPLOYMENT BENEFITS PLAN – SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/25	$ -	$ 1,104,252	$ 1,104,252	0.0%	$ 3,319,219	33.3%
01/01/24	-	1,067,978	1,067,978	0.0%	3,319,219	32.2%
01/01/23	-	885,982	885,982	0.0%	2,677,283	33.1%
01/01/22	-	986,073	986,073	0.0%	2,677,283	36.8%
01/01/21	-	1,261,617	1,261,617	0.0%	2,552,467	49.4%
01/01/20	-	1,064,514	1,064,514	0.0%	2,552,467	41.7%
01/01/19	-	1,465,299	1,465,299	0.0%	2,330,773	62.9%
01/01/18	-	1,444,385	1,444,385	0.0%	2,330,773	62.0%

The actuarial valuations were performed under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

CUMRU TOWNSHIP

OTHER POSTEMPLOYMENT BENEFITS PLAN – SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	$ 58,006	$ 48,807	$ 69,959	$ 87,088	$ 64,523	$ 79,903	$ 84,075	$ 65,818
Interest	43,822	39,087	23,361	25,608	36,260	55,055	47,376	48,879
Difference between expected and actual experience	-	111,918	-	(321,603)	-	(520,356)	-	39,755
Changes in assumptions	(9,387)	33,702	(160,588)	(26,295)	127,272	45,007	(56,597)	55,782
Benefit payments	(56,167)	(51,518)	(32,823)	(40,342)	(30,952)	(60,394)	(53,940)	(38,211)
Net change in total OPEB liability	36,274	181,996	(100,091)	(275,544)	197,103	(400,785)	20,914	172,023
Total OPEB liability, beginning	1,067,978	885,982	986,073	1,261,617	1,064,514	1,465,299	1,444,385	1,272,362
Total OPEB liability, ending	$ 1,104,252	$ 1,067,978	$ 885,982	$ 986,073	$ 1,261,617	$ 1,064,514	$ 1,465,299	$ 1,444,385
Covered Employee Payroll	$ 3,319,219	$ 3,319,219	$ 2,677,283	$ 2,677,283	$ 2,552,467	$ 2,552,467	$ 2,330,773	$ 2,330,773
Total OPEB liability as a percentage of covered employee payroll	33.27%	32.18%	33.09%	36.83%	49.43%	41.71%	62.87%	61.97%

Changes of Assumptions

Significant changes in assumptions for the January 1, 2025 measurement date are as follows:

- The discount rate changed from 4.00% to 4.28%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated for the January 1, 2018, January 1, 2020, January 1, 2023, and January 1, 2024 measurement dates.
- The mortality assumption was updated for the January 1, 2020 and January 1, 2024 measurement dates.
- The retirement assumption was updated for the January 1, 2024 measurement date.