Macungie Borough Council
General Business Meeting
Agenda

Monday, November 16, 2026 **7:30 p.m.** **Macungie Institute**

I. Call to Order – Pledge of Allegiance

II. Announcement of Executive Sessions

III. Additions to Future Agendas

IV. Approval of Minutes
- A. October 19, 2026

V. Financial Reports
- A. Treasurer's Report for October 2026
- B. Approval of Paid Bills Detail Report in the Amount of $102,900.50

VI. Presentations
- A. 2025 Audit Report – Paul Mack, CPA, CR&Y

VII. Public Comment on Non-Agenda Items

VIII. Correspondence
- A. Macungie Ambulance October 2026 Report

IX. Reports
- A. Council
- B. Mayor
- C. Solicitor
- D. Borough Manager
- E. Boards, Commissions, & Committees

X. New Business
- A. Authorizing Agreement with Allied Personnel for Temporary Personnel Services

XI. Adjournment

MACUNGIE BOROUGH COUNCIL
MEETING MINUTES
General Business Meeting
Monday, October 19, 2026 - 7:30 P.M.

I. Call to Order – Pledge of Allegiance

The Macungie Borough Council meeting was called to order on October 19, 2026 at 7:34 p.m. at the Macungie Institute, 510 E. Main Street, Macungie, PA 18062. In attendance were Carl Sell, Jr., President; Stan Landis, Vice President; Greg Hutchison, Member; Megan Sell, Member; Greg Reinbold, Member; Lynette Sell, Member; Tom Ashelman, Member; Bob Sell, Jr., Mayor; Patrick Armstrong, Esq., Solicitor; Joshua Fry, Borough Engineer; and Kalman Sostarecz, Jr., Borough Manager.

President Sell opened the meeting and asked all present to join him in reciting the Pledge of Allegiance to the Flag of the United States of America.

II. Announcement of Executive Sessions

Mr. Sostarecz announced that an executive session was held on October 19, 2026 at 6:00 p.m. regarding legal and personnel matters.

III. Approval of Minutes

A. September 28, 2026

Motion by President Sell to approve the minutes of September 28, 2026, seconded by Mr. Hutchison. Motion passed unanimously.

IV. Financial Reports

A. Treasurer's Report for September 2026

Vice President Landis commented on the Real Estate Transfer and Earned Income Taxes. Karen Billger, resident, commented on the Real Estate Transfer Tax, line items for the Zoning Officer, and the way the report is presented.

Motion by President Sell to accept the September 2026 Treasurer's Report, seconded by Vice President Landis. Motion passed unanimously.

B. Approval of Paid Bills Detail Report in the Amount of $283,520.58

Paul Licata, business owner, commented on the way the report is laid out; Mr. Sostarecz stated that he is working with the bookkeepers to institute some changes in the future.

Motion by President Sell to approve the bills in the amount of $283,520.58, seconded by Mr. Hutchison. Motion passed unanimously.

V. Correspondence

A. Macungie Ambulance September 2026 Monthly Report

President Sell encouraged everyone to support Macungie Ambulance with their fund drive. Vice President Landis asked where the majority of their funding comes from; Mr. Sostarecz stated that in addition to their fund drive, municipalities donate annually, and the bulk comes from those receiving services or their insurance companies.

B. PSAB-MRT Monthly Report of Municipal Net Assets

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VI. Reports

A. Jerry Simpson, PCPA – Police Consultation Update

Mr. Simpson commented on the PA Chiefs search for a new Chief; a Town Hall style listening session they will conduct on November 30th for the community to provide input into their study; he will be in attendance with Chief Kosci at the Council's budget meeting on October 26th; while he is out of the area for a few weeks Chief Kosci will be standing in for him.

Vice President Landis asked if they have reviewed the policies and procedures; Mr. Simpson stated that they have and the information will be included in the final report. Mr. Ashelman asked if the PA Chiefs will be in attendance at the listening session; Mr. Simpson stated that they would be and will be there primarily to gather input. President Sell asked if the PA Chiefs are working with the police officers on the budget; Mr. Simpson stated that they have spoken with the Mayor and OIC regarding it, and their team has extensive experience with developing police budgets. Jeff Hartman, resident, asked if there have been any internal candidates for Chief; Mr. Simpson stated that there have not been to this point.

B. Council

Mr. Reinbold commented on the upcoming election and urged everyone to exercise their right to vote. Sue Steinberg, resident, stated that early voting has begun at the County.

C. Mayor

Mayor Sell commented on upcoming events at Macungie Memorial Park and Coffee with a Cop on November 1st at Macungie Diner.

Tim Romig, business owner, asked the status of the collective bargaining agreement negotiations; Mayor Sell stated that they are close.

D. Solicitor

None

E. Borough Manager

Mr. Sostarecz announced the Council would be holding budget workshops on October 26th, November 9th, and November 23rd. He also stated that leaf collection is scheduled for the month of November beginning November 9th and ending the week of November 30th.

VII. Old Business

A. Authorizing Conditional Offer of Employment for Public Works Employee

Mr. Sostarecz stated that this was on the previous meeting's agenda for approval; however, there was a question regarding CDL requirements and training. He stated that PA did pass a law requiring a person passing a certified training course before being eligible to hold a CDL. There is a newer company in the Lehigh Valley that comes to the driver's location to perform the training as an alternative to an in-class training which lasts for several weeks. This service is less expensive and Alburtis Borough has used it with success. If Mr. Weida is extended an offer of employment, it would include a provision that he obtain his CDL within 18 months of starting and if he would leave employment with the Borough within two years of obtaining it, he would reimburse the Borough for the full cost of the training course.

Motion by President Sell to authorize a conditional offer of employment for Jaden Weida as a Public Works Regular Employee at a rate of $26.00 per hour, pending successful completion of all background checks and clearances, seconded by Vice President Landis. Motion passed unanimously.

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B. Resolution #2026-19 – Council Agenda Policy & Meeting Code of Conduct

Mr. Sostarecz stated that Council has been discussing different aspects of how meetings are conducted, including public comment periods, how agendas are created, and other items. A draft policy was created and discussed at the previous meeting during which Council members asked for some updates to be made. Both he and the Solicitor reviewed the draft and made those changes which are ready for Council to discuss further. In addition, there had been discussion on adding items regarding posting and retaining audio recordings and council packets. It's the Solicitor's recommendation to adopt a separate resolution or policy pertaining to those items; Mr. Sostarecz will draft that and bring it to the next meeting.

Council discussed the updates to the resolution; Mr. Hutchison commented on the position in the agenda that public comment appears, and he maintains it should be at the end. Mr. Ashelman commented on providing answers to questions from the public during the meeting; Solicitor Armstrong stated that the public is able to ask questions during the Public Comment period and Council can provide answers if it chooses. Mr. Ashelman also commented on having an agenda item to provide for Council members to recommend items to add to the subsequent agenda.

Mr. Hartman commented on the retention of audio files and agenda packets, as well as public comments being accepted toward the beginning of the meeting.

Mr. Licata commented on the time limit to provide comments should be increased from three. Ms. Lynette Sell recommended moving to four minutes. Mr. Licata also commented on being able to ask questions during the meeting.

Mr. Romig commented on the decorum of all those in attendance, both the public and Council members; he also commented on asking questions during the meeting and being able to get answers.

Terry Buss, resident, commented that the Council was elected to represent the residents and she believes public comment should be accepted online.

Motion by Vice President Landis to table, seconded by Ms. Megan Sell. Motion passed unanimously.

VIII. New Business

A. Rejection of All Bids for S. Church Street ADA Ramp Project

Josh Fry, Borough Engineer, stated that they are recommending the rejection of all bids for the S. Church Street ADA Ramp Project as they have spoken with PennDOT which will permit the ramps to be incorporated into the larger Hickory Street Bridge/S. Church Street Reconstruction project. This will likely result in a better price and will not require the roadway to be under construction multiple times. Mr. Licata commented on the contractor who completed the previous work that has failed and the ability to hold them accountable.

Motion by President Sell to reject all bids for the S. Church Street ADA Ramp project and to include the scope in the larger project being bid next year, seconded by Mr. Reinbold. Motion passed unanimously.

B. Main Street Streetscape Bumpout Assessment

Mr. Fry reviewed his written assessment report on the Main Street Bumpouts. Mr. Ashelman commented on the potential for a volunteer program for residents to take care of the bumpouts; Mr. Sostarecz stated that is something that's been discussed in the past and one of the concerns is the liability of permitting residents to work adjacent to the roadway. Mr. Hutchison commented on the frequency of sediment having to be removed from the bumpouts.

Mr. Ashelman asked who is maintaining the bumpouts now. Vice President Landis stated that he has maintained one of them for about five years and it is a very difficult job as they fill up with trash quickly and plants don't last long. He recommends putting bricks in them. President Sell stated he has a concern that people may then walk across them to cut across the street instead of using a crosswalk.

Mr. Hutchison asked if any grants could be obtained to do the work; Mr. Fry stated that since grant funds were used to put them in it's very unlikely that an agency would offer additional funds to alter them. Solicitor Armstrong stated that because grant funds were used, the grant agreements need to be reviewed to see if we would need to consult with the granting agency to get them to sign off on any changes. President Sell stated that his opinion would be to keep it as simple as possible.

A resident asked if the bump outs could just be removed entirely. Solicitor Armstrong stated that the grant agreements would need to be reviewed as there may be language prohibiting it. Mr. Fry stated that if they were removed PennDOT would likely require the intersections to be evaluated for any needed changes, which would result in additional funds required for engineering.

Ms. Billger commented that some of the bump outs were maintained very well; she also commented on the yellow paint needing attention.

Ms. Buss commented that Senator Coleman announced that grants are available.

Mr. Romig commented that a former Council member and Borough Manager had pushed hard for the bumpouts; he also commented on the storm water issues especially toward the bottom of the hill by his property. He recommends that the bump outs be altered to accept more water; he feels that they were not initially engineered correctly and feels that BIA should engineer the corrections at no charge.

Mr. Licata commented that no one likes the bump outs and the costs need to be explored to make them look better as they are a detriment to the beautification of the Borough.

Motion by President Sell to table to the next meeting, seconded by Mr. Reinbold. Motion passed unanimously.

C. LSA Statewide Grant Opportunity – Spruce Street Park Improvements

Mr. Sostarecz stated that the Borough previously applied for a DCED grant in 2025 to improve the Spruce Street park with a paved loop trail, ADA parking spaces, and benches; the grant was not successful. There is now a new grant opportunity through the Local Share Account (LSA) Statewide Grant and the BIA grant team has suggested submitting for the grant as it is in the range that is typically awarded. The grant would cover 100% of the cost as no match is required.

Mr. Hutchison stated that the land was deeded to the Borough to be a passive park. Vice President Landis asked if there was a different park that should be looked at first; Mr. Sostarecz stated that because the grant is due soon, there would not be time to prepare a grant submission for a different park – this proposal would be ready to go because it was developed previously. Debb Burns, resident, commented that that Brookfield Park is used by a lot of people including children from the nearby daycares and it does need upgrades.

Motion by Ms. Megan Sell to authorize the Borough Engineer to prepare a LSA Statewide Grant for Spruce Street Park improvements, seconded by President Sell. Motion passed unanimously.

D. Authorizing Execution of Agreement with IntegraOne for Police Department IT Hardware

Mr. Sostarecz stated that there are some critical IT equipment that is needing replacement in the police department. IntegraOne has been providing some IT services to the PD and has done a deep investigation into their current systems. They have provided two options – one to purchase the equipment outright or lease the equipment over several years at a fixed monthly fee. The lease option is the less expensive option and is his recommendation.

Mr. Licata asked if there are three bids; Mr. Sostarecz stated that because it is a professional service and IntegraOne is a COSTARS vendor, there is no requirement to go out to bid.

Motion by Mr. Hutchison to authorize the execution of an agreement with IntegraOne for IT security and networking hardware at a cost of $600.00 per month, seconded by Vice President Landis. Motion passed unanimously.

E. Authorizing Purchase of Cuto-Off Saw for Public Works

Mr. Sostarecz stated that Public Works utilizes two cut-off saws, primarily for work in trenches; both are very old and they are requesting to replace one of them at this time.

Motion by President Sell to authorize the purchase of a 16" cut-off saw from Powerco, Inc. at a cost of $1,879.00, seconded by Mr. Hutchison. Motion passed unanimously.

VIII. Public Comment on Non-Agenda Items

Brender Decker, resident, commented on the Young Development and the potential paper street to the rear of her residence. Solicitor Armstrong stated that the Young's have filed an appeal to the conditions of their approval.

Mr. Romig commented on the Young Development. He also commented on the ability to receive copies of plans and the Sunshine Act, as well as plans that are provided to the Planning Commission and Borough Council for action.

Mr. Licata commented on the financial reports provided; flooding on Race Street and whether a storm water study has ever been completed; the curbing at Mavis; and the Macungie Volunteer Fire Department.

Ms. Billger commented on the utility billing.

IX. Adjournment

Mr. Hutchison made a motion to adjourn the meeting at 9:53 p.m., seconded by Vice President Landis. Motion passed unanimously.

Respectfully Submitted,

Kalman A. Sostarecz, Jr.
Borough Secretary

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Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
Income			
301 · REAL PROPERTY TAXES			
301.100 · Real Estate Taxes—Current Year	1,170,166.21	1,145,327.00	24,839.21
301.200 · Real Estate Taxes—Prior Year's	0.00	9,000.00	-9,000.00
301.300 · Real Estate Taxes—Delinquent	0.00	15,000.00	-15,000.00
301.400 · Delinquent frm Tax Claim Bureau	23,374.86		
301.600 · Real Estate Taxes—Interim	0.00	1,000.00	-1,000.00
Total 301 · REAL PROPERTY TAXES	1,193,541.07	1,170,327.00	23,214.07
310 · LOCAL TAX- (Act 511)			
310.010 · Per Capita Taxes—Current Year	13,608.41	15,000.00	-1,391.59
310.020 · Per Capita Taxes - Prior Years	0.00	164.00	-164.00
310.030 · Per Capita Taxes—Delinquent	7,698.00	7,500.00	198.00
310.100 · Real Estate Transfer Tax	39,085.25	184,630.00	-145,544.75
310.210 · Earned Income Tax—Current Year	520,289.64	610,000.00	-89,710.36
310.500 · Local Services Tax	35,225.95	45,000.00	-9,774.05
Total 310 · LOCAL TAX- (Act 511)	615,907.25	862,294.00	-246,386.75
320-322 · LICENSES & PERMITS			
320.100 · Yard Sale Premit	78.00		
320.200 · Fireworks Permit	792.00		
321.450 · Residential Rental License	140.00	300.00	-160.00
321.610 · Transient Retailer-Solicitation	28.00		
321.800 · Cable Television Franchise	29,481.21	40,000.00	-10,518.79
322.100 · Moving Permit	492.00		
322.400 · Zoning Permit	3,102.00	3,000.00	102.00
322.500 · Street/Road Opening Permit	960.00		
322.600 · Curb & Sidewalk Permit	1,598.00		
320-322 · LICENSES & PERMITS - Other	2,348.00	2,000.00	348.00
Total 320-322 · LICENSES & PERMITS	39,019.21	45,300.00	-6,280.79
331 · FINES			
331.100 · Court-District Magistrate	2,815.14	1,300.00	1,515.14
331.130 · State Police Fines	515.10	600.00	-84.90
331.140 · Parking Violation Fines	460.00	850.00	-390.00
331.210 · Lehigh County Fines	945.06	1,750.00	-804.94
Total 331 · FINES	4,735.30	4,500.00	235.30
341 · INTEREST			
341.02 · GF Recreation Interest	177.99		
341.040 · Post Med. Benefits Interest	4,798.49		
341.060 · Contingency Interest	6,812.69		
341.070 · MI Tree of Life Interest	110.00		
341.90 · GF Depository Interest	6.80		

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
341 · INTEREST - Other	271.73	80,000.00	-79,728.27
Total 341 · INTEREST	12,177.70	80,000.00	-67,822.30
342 · RENTS, ROYALTIES & DONATIONS			
342.200 · 24 S Church Street	4,500.00		
342.210 · Macungie Institute	15,976.18		
342.220 · Contributions & Donations - MI	75.00		
342 · RENTS, ROYALTIES & DONATIONS - Other	0.00	30,000.00	-30,000.00
Total 342 · RENTS, ROYALTIES & DONATIONS	20,551.18	30,000.00	-9,448.82
354 · State Capital & Operating			
354.030 · Winter Maintenance	0.00	1,267.00	-1,267.00
354.150 · Recycling/Act 101 Grant	17,424.11	8,000.00	9,424.11
Total 354 · State Capital & Operating	17,424.11	9,267.00	8,157.11
355 · STATE SHARED REVENUE			
355.010 · Public Utility Realty Tax-PURTA	0.00	1,750.00	-1,750.00
355.040 · Alcoholic Beverage License	900.00	1,100.00	-200.00
355.050 · General Municipal Pension-Aid (State Aid)	104,684.95	88,876.00	15,808.95
355.099 · Firemen's Relief Funding	21,981.28	21,863.00	118.28
Total 355 · STATE SHARED REVENUE	127,566.23	113,589.00	13,977.23
359.000 · Payment in Lieu of Taxes	11,488.90	11,500.00	-11.10
360-361 · CHARGES FOR SERVICE			
361.300 · Subdivision & Land Dev. App	1,025.00	1,500.00	-475.00
361.750 · Fingerprinting	250.00	200.00	50.00
361.90 · 15% Admin Fee - Refuse	2,245.60		
Total 360-361 · CHARGES FOR SERVICE	3,520.60	1,700.00	1,820.60
362 · PUBLIC SAFETY			
362.110 · Police Reports	1,430.01	750.00	680.01
362.405 · Rental Inspection	0.00	2,000.00	-2,000.00
362.410 · Building Permit	10,234.50	5,000.00	5,234.50
362.420 · Electrical Permit	2,275.50	1,250.00	1,025.50
362.430 · Plumbing Permit	1,404.50	1,250.00	154.50
362.450 · Occupancy/Use Permit	0.00	200.00	-200.00
362.470 · Mechanical/HVAC Permit	378.00	1,750.00	-1,372.00
362 · PUBLIC SAFETY - Other	567.30		
Total 362 · PUBLIC SAFETY	16,289.81	12,200.00	4,089.81
364 · SANITATION			
364.300 · Solid Waste Collection	0.00	0.00	0.00
364.900 · Yard Waste Passes	0.00	1,250.00	-1,250.00

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
Total 364 · SANITATION	0.00	1,250.00	-1,250.00
365.050 · Sale of Maps and Publications	302.40	50.00	252.40
365.600 · Health Ins./Co-pay Dividend	24,014.68	35,784.00	-11,769.32
367 · CULTURE-RECREATION			
367.20 · Recreation/Dedication Fees	10,000.00		
Total 367 · CULTURE-RECREATION	10,000.00		
380.000 · MISC REVENUE			
389.11 · Late Fee on Utilities	0.00		
390.00 · Hometown Hero	18.60		
380.000 · MISC REVENUE - Other	37,086.35	25,000.00	12,086.35
Total 380.000 · MISC REVENUE	37,104.95	25,000.00	12,104.95
Total Income	2,133,643.39	2,402,761.00	-269,117.61
Gross Profit	2,133,643.39	2,402,761.00	-269,117.61
Expense			
400 · COUNCIL & MAYOR			
400.105 · Salaries & Wages	6,318.83	8,700.00	-2,381.17
Total 400 · COUNCIL & MAYOR	6,318.83	8,700.00	-2,381.17
401 · BOROUGH MANAGER			
401.110 · Borough Manager Wages	30,637.50	45,938.00	-15,300.50
401.353 · Surety and Fidelity (Bonding)	-95.66		
Total 401 · BOROUGH MANAGER	30,541.84	45,938.00	-15,396.16
402 · AUDITING & BOOKKEEPING			
402.311 · AUDITOR SERVICES	5,000.00	13,044.00	-8,044.00
402.312 · BOOKKEEPING	9,534.59	20,000.00	-10,465.41
Total 402 · AUDITING & BOOKKEEPING	14,534.59	33,044.00	-18,509.41
403 · TAX COLLECTION			
403.116 · Tax Collector- Wages/Commission	4,632.00	4,376.00	256.00
403.211 · Operating Expenses	7,401.36	7,600.00	-198.64
403.317 · EIT Collection Fees	0.00	6,166.00	-6,166.00
403.353 · Surety & Fidelity (Bonding)	0.00	160.00	-160.00
403.450 · Tax Collectors Audit	9,505.00	3,630.00	5,875.00
Total 403 · TAX COLLECTION	21,538.36	21,932.00	-393.64
404 · LEGAL SERVICES			
404.310 · Solicitor-Legal Services			
404.320 · Reimbursable Expenses			
404.321 · BT Stonehill Meadows	648.00		

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
404.322 · Young Development	72.00		
Total 404.320 · Reimbursable Expenses	720.00		
404.310 · Solicitor-Legal Services - Other	139,640.84	75,000.00	64,640.84
Total 404.310 · Solicitor-Legal Services	140,360.84	75,000.00	65,360.84
404.317 · Zoning Hearing Attorney	1,220.00		
404 · LEGAL SERVICES - Other	4,000.00		
Total 404 · LEGAL SERVICES	145,580.84	75,000.00	70,580.84
405 · SECRETARY/CLERK/TREASURER			
405.112 · Administrative Assistant-Wages	10,733.26	17,472.00	-6,738.74
405.113 · Clerk/Assistant Treasurer-Wages	0.00	14,907.00	-14,907.00
Total 405 · SECRETARY/CLERK/TREASURER	10,733.26	32,379.00	-21,645.74
406 · GENERAL GOV. ADMINISTRATION			
406.154 · Short Term/Long Term Disability	714.99	1,100.00	-385.01
406.156 · Medical/Dental/Vision	31,750.49	93,932.00	-62,181.51
406.162 · UC - General	100.00		
406.192 · FICA - Employer Paid	7,986.77	23,712.00	-15,725.23
406.193 · Medicare - Employer Paid	1,864.81		
406.194 · Unemployment - Employer Paid	917.98	1,045.00	-127.02
406.196 · Health Reimbursement Account	425.01	2,000.00	-1,574.99
406.197 · Pension - Defined Contributions	1,038.06	907.00	131.06
406.198 · PCOR Fee	84.48	35.00	49.48
406.199 · Life Ins. & AD&D	244.01	500.00	-255.99
406.210 · Office Supplies	2,960.59	3,500.00	-539.41
406.212 · Bank Service Charges	100.82		
406.213 · Minor Office Equip Purch & IT	3,821.12	6,800.00	-2,978.88
406.215 · Postage	816.37	3,000.00	-2,183.63
406.249 · Petty Cash	0.00	50.00	-50.00
406.310 · Professional Svcs - Payroll Svc	2,608.07		
406.321 · Telephone	513.26	700.00	-186.74
406.331 · Mileage Reimbursement	0.00	250.00	-250.00
406.341 · Advertising	1,243.57	5,000.00	-3,756.43
406.342 · Printing Services	198.34	825.00	-626.66
406.351 · Commercial Insurance	11,096.18	8,861.00	2,235.18
406.353 · Bonding - General	0.00	300.00	-300.00
406.354 · Workers Compensation Insurance	3,740.36	5,719.00	-1,978.64
406.375 · Office Maintenance & Repairs	0.00	1,250.00	-1,250.00
406.420 · Dues, Subscriptions, & Membersh	1,974.20	1,500.00	474.20
406.450 · Contracted Services	13,270.20	35,633.00	-22,362.80
406.460 · Meetings/Conferences/Cont. Edu.	1,090.56	1,000.00	90.56
406.480 · Miscellaneous	0.00	1,800.00	-1,800.00

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
406.530 · Yard Waste Passes (Yard Waste Passes for Lower Macungie ...	0.00	1,000.00	-1,000.00
Total 406 · GENERAL GOV. ADMINISTRATION	88,560.24	200,419.00	-111,858.76
408 · ENGINEERING SERVICES			
408.310 · Reimbursable Engineering			
408.311 · BT Stonehill Meadows	9,704.25		
408.312 · Young Development	5,236.75		
Total 408.310 · Reimbursable Engineering	14,941.00		
408.313 · Engineering-General Services	39,047.20	65,000.00	-25,952.80
408.314 · Sonoma Way Sinkhole	244.00		
408.315 · Engineering - MS4 Annual Report	9,492.00		
408.318 · BCO Fees	48,538.23		
Total 408 · ENGINEERING SERVICES	112,262.43	65,000.00	47,262.43
409 · General Government Buildings			
409.200 · Real Estate Tax -24 S Church St	978.46		
409.229 · Hospitality (M&E)	0.00	500.00	-500.00
409.230 · Heating	1,607.67	7,750.00	-6,142.33
409.236 · Building Supplies	113.45	2,000.00	-1,886.55
409.260 · Small Tools & Minor Equipment	0.00	100.00	-100.00
409.361 · Electricity	7,879.15	4,750.00	3,129.15
409.373 · Building Repairs/Maintenance	982.96	20,115.00	-19,132.04
409.430 · Real Estate Tax- S Church	346.25	1,250.00	-903.75
409.450 · Contracted Services	70.00	35,519.00	-35,449.00
409.451 · Janitorial Services	2,482.50	10,920.00	-8,437.50
Total 409 · General Government Buildings	14,460.44	82,904.00	-68,443.56
410 · POLICE DEPT.			
410.110 · Sgt. Wages	80,709.10	94,019.00	-13,309.90
410.112 · Corporal- Wages	92,280.82	89,984.00	2,296.82
410.115 · Part-Time- Wages	19,293.12	42,000.00	-22,706.88
410.117 · Patrol Officer's Wages	220,974.20	289,368.00	-68,393.80
410.120 · 30-Hr. Officer- Wages	0.00	45,838.00	-45,838.00
410.179 · Longevity Pay	0.00	7,428.00	-7,428.00
410.180 · Overtime	72,154.27	42,000.00	30,154.27
410.184 · Sick Pay Buy-Back	0.00	420.00	-420.00
410.187 · Health Reimbursement Acct-HRA	0.00	750.00	-750.00
410.188 · Shift Differential	0.00	8,400.00	-8,400.00
410.190 · PCOR Fees - Police	0.00	35.00	-35.00
410.192 · FICA – Employer Paid	27,718.03	47,913.00	-20,194.97
410.193 · Medicare – Employer Paid	6,491.86		
410.194 · Unemployment Compensation - Emp (Unemployment Compe...	1,953.92	3,135.00	-1,181.08
410.196 · Medical/Dental/Vision	111,097.75	186,739.00	-75,641.25

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
410.197 · Pension - Defined Benefit	149,031.00	149,031.00	0.00
410.198 · Short Term/ Long Term Disabilit (Short-Term/ Long-Term Dis...	1,893.17	3,350.00	-1,456.83
410.199 · Life Ins. & AD&D	789.60	1,500.00	-710.40
410.210 · Office Supplies	774.93	600.00	174.93
410.213 · Minor Equipment	2,278.05	1,500.00	778.05
410.215 · Postage	0.00	800.00	-800.00
410.230 · Heating	795.03	1,200.00	-404.97
410.231 · Vehicle Fuel	9,724.76	16,000.00	-6,275.24
410.236 · Building Supplies	364.05	750.00	-385.95
410.238 · Clothing and Uniforms	9,691.09	9,000.00	691.09
410.239 · Gross Wage - Uniform Allowance	2,500.00		
410.242 · Ammunition	0.00	2,500.00	-2,500.00
410.250 · Maintenance and Repairs Parts	5,050.19	7,100.00	-2,049.81
410.260 · Major Equipment	0.00	13,000.00	-13,000.00
410.314 · Legal Expenses - Police	67,649.33		
410.321 · Telephone	2,230.48	2,400.00	-169.52
410.351 · Commercial Insurance	9,670.70	9,969.00	-298.30
410.354 · Workers' Compensation Insurance	15,779.67	22,147.00	-6,367.33
410.361 · Electricity	1,601.05	1,700.00	-98.95
410.373 · Building Repairs/Maintenance	2,534.91	4,425.00	-1,890.09
410.374 · Vehicle Maintenance	524.00	2,520.00	-1,996.00
410.420 · Dues, Subscriptions and Members	0.00	400.00	-400.00
410.450 · Contracted Services	35,692.73	27,340.00	8,352.73
410.451 · Janitorial Services	2,452.50	3,640.00	-1,187.50
410.454 · Civil Service Commission	275.00	900.00	-625.00
410.460 · Meetings/Conferences/Cont. Edu.	2,918.36	500.00	2,418.36
410.47 · Drug & Alcohol Testing	118.00		
410.480 · Miscellaneous Expenses	2,610.50	1,500.00	1,110.50
410.500 · Transfer-Post Retirement Med.	0.00	25,000.00	-25,000.00
Total 410 · POLICE DEPT.	959,622.17	1,166,801.00	-207,178.83
411 · FIRE DEPT.			
411.540 · Annual Allocation	90,000.00	90,000.00	0.00
411.541 · Fire Relief Distribution	21,981.28	21,863.00	118.28
Total 411 · FIRE DEPT.	111,981.28	111,863.00	118.28
412 · AMBULANCE/RESCUE			
412.540 · Annual Allocation	1,600.00	1,600.00	0.00
Total 412 · AMBULANCE/RESCUE	1,600.00	1,600.00	0.00
413 · CODE ENFORCEMENT			
413.115 · Wages – Part-Time	0.00	37,440.00	-37,440.00
413.116 · Wages-Full Time	4,185.48		
413.450 · Contracted Services	5,899.70		

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
Total 413 · CODE ENFORCEMENT	10,085.18	37,440.00	-27,354.82
414 · PLANNING & ZONING			
314 · Zoning - Legal	1,256.00	5,000.00	-3,744.00
414.115 · Wages-Part Time	0.00	61,956.00	-61,956.00
414.120 · Zoning Hearing Board -Wages	0.00	675.00	-675.00
414.450 · Contracted Services	2,350.00	3,300.00	-950.00
414.460 · Zoning Services	15,326.46		
Total 414 · PLANNING & ZONING	18,932.46	70,931.00	-51,998.54
415 · EMERGENCY MANAGEMENT			
415.241 · General Government Supplies	0.00	5,000.00	-5,000.00
Total 415 · EMERGENCY MANAGEMENT	0.00	5,000.00	-5,000.00
426 · LEAF COLLECTION			
426.450 · Leaf Collection Service	0.00	25,343.00	-25,343.00
Total 426 · LEAF COLLECTION	0.00	25,343.00	-25,343.00
427 · SOLID WASTE COLLECTION & DISPOS			
427.342 · Solid Waste Printing	0.00	0.00	0.00
427.450 · Solid Waste/Recycling Contract	0.00	0.00	0.00
Total 427 · SOLID WASTE COLLECTION & DISPOS	0.00	0.00	0.00
430-439 · PW-HIGHWAYS, ROADS, & STREETS			
430.110 · Public Works Supervisor-Wages	19,769.82	25,431.00	-5,661.18
430.112 · Public Works Full-Time-Wages	46,275.68	78,340.00	-32,064.32
430.117 · Seasonal Employee-Wages	8,750.75	3,400.00	5,350.75
430.180 · Overtime	9,138.37	2,500.00	6,638.37
430.182 · Bonus	0.00		
430.183 · Comp	366.80		
430.184 · Sick Pay Buy-Back	157.50		
430.197 · Pension - Defined Benefit	31,681.00	10,560.00	21,121.00
430.220 · Operating Supplies	813.06	3,667.00	-2,853.94
430.230 · Fuel Oil-Garage	1,816.08		
430.231 · Vehicle Fuel	3,585.15	4,916.00	-1,330.85
430.238 · Uniforms	1,526.91	2,200.00	-673.09
430.250 · Vehicle Maintenance	4,777.46	10,043.00	-5,265.54
430.260 · Small Tools & Minor Equipment	1,087.74	7,400.00	-6,312.26
430.317 · CDL Testing	141.00	400.00	-259.00
430.331 · Travel Expense (mileage Reimb)	16.08		
430.374 · Machinery & Equipment Repairs	6,787.05	3,513.00	3,274.05
430.384 · Machinery & Equipment Rental	5,545.69	2,000.00	3,545.69
430.460 · Meetings/Conferences/Cont. Edu.	88.00		
431.450 · Street Sweeping Services	3,691.70	15,400.00	-11,708.30
432.000 · Winter Maintenance - Snow Remov	5,379.09		

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
433.220 · Signs & Markings	3,333.25	3,667.00	-333.75
433.450 · Crosswalk Painting-Contracted	0.00	14,000.00	-14,000.00
433.454 · Traffic Control-Contracted	8,655.96	4,167.00	4,488.96
434.361 · Holiday Lights	47.75	300.00	-252.25
436.236 · Storm Sewer Maintenance/Repairs	0.00	3,000.00	-3,000.00
438.245 · Street Patching Materials	2,434.29	3,667.00	-1,232.71
439.601 · Street Resurfacing & Overlay	100,222.45	240,000.00	-139,777.55
Total 430-439 · PW-HIGHWAYS, ROADS, & STREETS	266,088.63	438,571.00	-172,482.37
450 · CULTURE & RECREATION			
453.240 · Special Event Decorations	0.00	4,000.00	-4,000.00
454.250 · Parks Maintenance			
454.251 · Flower Park Maintenance	3,253.75		
454.250 · Parks Maintenance - Other	911.53	16,875.00	-15,963.47
Total 454.250 · Parks Maintenance	4,165.28	16,875.00	-12,709.72
454.361 · Flower Park- Electricity	451.69	500.00	-48.31
456.520 · Library Contract	24,554.00	24,554.00	0.00
457.540 · Halloween Parade	1,657.47	1,500.00	157.47
457.541 · Flower Park Contribution	0.00	3,679.00	-3,679.00
457.542 · Macungie Holiday Contribution	1,500.00	1,600.00	-100.00
457.543 · National Night Out	0.00	2,000.00	-2,000.00
Total 450 · CULTURE & RECREATION	32,328.44	54,708.00	-22,379.56
459 · MACUNGIE INSTITUTE			
459.110 · Payroll - MI Coordinator	6,438.50	24,960.00	-18,521.50
459.115 · Salaries and Wages – Part-Time	15,564.00		
459.230 · Heating	3,024.06		
459.236 · Building Supplies	1,093.01		
459.321 · Telephone Monthly Charges	429.82		
459.361 · Electricity	5,877.43		
459.373 · Building Repairs/Maintenance	9,299.29		
459.451 · Janitorial Services	4,905.00		
Total 459 · MACUNGIE INSTITUTE	46,631.11	24,960.00	21,671.11
471 · DEBT PRINCIPAL			
481.100 · Gen Oblig Note Series of 2021	74,941.67	74,942.00	-0.33
Total 471 · DEBT PRINCIPAL	74,941.67	74,942.00	-0.33
472.000 · DEBT INTEREST			
481.110 · Gen Oblig Note Ser of 2021-Int	5,285.33	5,290.00	-4.67
Total 472.000 · DEBT INTEREST	5,285.33	5,290.00	-4.67

Borough of Macungie - General Fund
Profit & Loss Budget vs. Actual
January through October 2026

	Jan - Oct 26	Budget	$ Over Budget
492.00 · Interfund Operating Transfers			
492.300 · Transfer to General Fund Cap. (Transfer to General Fund Cap...	0.00	76,732.00	-76,732.00
492.400 · Transfers to GF Escrow	3,434.00		
Total 492.00 · Interfund Operating Transfers	3,434.00	76,732.00	-73,298.00
Total Expense	1,975,461.10	2,659,497.00	-684,035.90
Net Income	**158,182.29**	**-256,736.00**	**414,918.29**

Borough of Macungie - General Fund
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
American United Life			
Bill	11/01/2026	110126-113026 - STD-LTD and Life Insurance	730.74
Total American United Life			730.74
Bethlehem Business Forms			
Bill	10/27/2026	Inv #271190- Name Plate (Nathan Brown)	33.97
Total Bethlehem Business Forms			33.97
Fernrock Landscapes, Inc.			
Bill	10/29/2026	Inv #2026-077- Snow hauling	2,700.00
Total Fernrock Landscapes, Inc.			2,700.00
Greg's Auto & Tire Service, Inc.			
Bill	10/29/2026	Inv #105802 - Police Vehicle #702	380.03
Total Greg's Auto & Tire Service, Inc.			380.03
Grim, Biehn & Thatcher			
Bill	10/27/2026	Inv #245830-0129 - Stonehill Meadows Phases 2 & 3	63.75
Bill	10/27/2026	Inv #245827-0009 - Police Matters	340.00
Bill	10/27/2026	Inv #245833-0147 - 138 W Main St	40.00
Bill	10/27/2026	Inv #245826-0001 - General Matters	6,540.00
Total Grim, Biehn & Thatcher			6,983.75
Holiday Outdoor Decor			
Bill	10/29/2026	INV25968 - Banding strap	1,700.00
Total Holiday Outdoor Decor			1,700.00
IntegraOne			
Bill	10/19/2026	Inv #CW88969 - Agreement SentinelONE Protection	61.80
Total IntegraOne			61.80
Linde Gas & Equipment Inc.			
Bill	10/21/2026	Inv #59814830 - Cylinder rental	87.62
Total Linde Gas & Equipment Inc.			87.62
NAPA Auto Parts-Allentown			
Bill	10/21/2026	Inv #296461 - Police vehicles & PW trucks	579.27
Total NAPA Auto Parts-Allentown			579.27
PPL Electric Utilities			
Bill	10/23/2026	Acct #57170-05005 - Macungie Institute	240.21
Bill	10/23/2026	Acct #96864-28016 - 102 E Main	63.62
Bill	10/26/2026	Acct #49380-17017 - 301 S Church St	1,116.79
Bill	10/26/2026	Acct #59439-06004 - Main St & Mill Display	51.69
Bill	10/26/2026	Acct #26780-17002- 21 Locust St	478.99
Total PPL Electric Utilities			1,951.30
PSAB Municipal Retirement Trust			
Bill	10/22/2026	Ryan Keiser Match 10-22-26 pay	66.50
Total PSAB Municipal Retirement Trust			66.50
The Pest Rangers			
Bill	10/26/2026	Inv #286815 - Garage bait stations	45.00
Total The Pest Rangers			45.00
Times News (East Penn Press)			
Bill	10/22/2026	I00582734-10222026 - Budget Meetings	63.03
Total Times News (East Penn Press)			63.03

Borough of Macungie - General Fund
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
TnT Home & Business Cleaning			
Bill	10/19/2026	Inv #3202 - Office Cleaning	1,090.00
Total TnT Home & Business Cleaning			1,090.00
UGI			
Bill	10/19/2026	Acct 411002564895 - Macungie Institute	77.24
Total UGI			77.24
UniFirst Corporation			
Bill	10/21/2026	Inv #1290334426 - Uniform Service	104.63
Bill	10/28/2026	Inv #1290335822 - Uniform Service	104.63
Total UniFirst Corporation			209.26
Verizon Wireless			
Bill	10/21/2026	Inv #6156331312 - Police Phone	200.07
Total Verizon Wireless			200.07
TOTAL			**16,959.58**

REFUSE-SANITATION COMPANY
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
Current Software Applications, Inc.			
Bill	10/21/2026	Acct #37- RF Portion of October Charges	424.67
Total Current Software Applications, Inc.			424.67
TOTAL			**424.67**

08-Sewer Company
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
Current Software Applications, Inc.			
Bill	10/21/2026	Acct #37 - SF Portion of October charges	424.67
Total Current Software Applications, Inc.			424.67
TOTAL			**424.67**

CAPITAL FUND ACCOUNTS
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
Grim, Biehn & Thatcher			
Bill	10/27/2026	Inv #245831-0133 - Hickory St Bridge Replacement	40.00
Total Grim, Biehn & Thatcher			40.00
TOTAL			**40.00**

35-LIQUID FUELS
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
PP&L			
Bill	10/12/2026	Acct #96229-63007 - Church St & Rte 100	39.94
Bill	10/12/2026	Acct #96619-34013 - W Main St	100.05
Bill	10/23/2026	Acct #73239-69005 - Lumber & Lehigh St	67.78
Bill	10/23/2026	Acct #41239-94001 - Rte 100 & Chestnut, Signal	44.88
Bill	10/23/2026	Acct #49939-16031 - Rte 100, Signal/Street light	114.34
Bill	10/26/2026	Acct #36794-55007 - N Church St & Lehigh-A/L	70.48
Bill	10/26/2026	Acct #57253-72006 - 1 W Main St	134.93
Total PP&L			572.40
TOTAL			**572.40**

35-LIQUID FUELS
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
PP&L			
Bill	10/30/2026	Acct #68055-05002 - Borough Street Lights	3,928.07
Bill	10/30/2026	Acct #70000-43002 - Borough Street Lights	281.99
Bill	11/03/2026	Acct #22084-14002 - Rte 100, Traffic Signal	45.64
Total PP&L			4,255.70
TOTAL			**4,255.70**

Borough of Macungie - General Fund
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
4 Seasons Garden Center			
Bill	11/09/2026	Inv #46148 - Screened topsoil	68.00
Total 4 Seasons Garden Center			68.00
Campbell Durrant, P.C.			
Bill	11/02/2026	Inv #090310 - Personnel Matters	4,025.00
Total Campbell Durrant, P.C.			4,025.00
Entertainment Services Group Inc.			
Bill	11/04/2026	Inv #83016 - 4-mic add on for portable system	1,858.26
Total Entertainment Services Group Inc.			1,858.26
Financial Related Services, LLC			
Bill	10/31/2026	October 2026 Bookkeeping Services	2,132.50
Total Financial Related Services, LLC			2,132.50
Holiday Outdoor Decor			
Bill	11/06/2026	INV26016 - Holiday decorations	137.50
Total Holiday Outdoor Decor			137.50
Isett, Barry & Assoc.			
Bill	10/15/2026	Inv #217083- 102 Cedar St PPL	240.00
Bill	10/15/2026	Inv #217093- 210 S Walnut St UGI Permit	120.00
Bill	10/15/2026	Inv #217092- 206 S Walnut St UGI Repair	120.00
Bill	10/15/2026	Inv #217087- 10 E Main St UGI Repair	120.00
Bill	10/15/2026	Inv #217090- 106 S Walnut St UGI Repair	120.00
Bill	10/15/2026	Inv #217085- 141 W Main St UGI Permit	120.00
Bill	10/15/2026	Inv #217089- 102 S Walnut St UGI Repair	120.00
Bill	10/15/2026	Inv #217082- 531 E Main St PPL	240.00
Bill	10/15/2026	Inv #217080- 531 E Main St S PPL	240.00
Bill	10/15/2026	Inv #217097- 404 E Main Swlk	480.00
Bill	10/15/2026	Inv #0217079 - General Engineering	1,450.00
Bill	11/09/2026	Inv #217755 - UCC Inspection Services & Zoning	3,715.00
Total Isett, Barry & Assoc.			7,085.00
Kocher, Travis J.			
Bill	11/06/2026	Annual Healthcare Deductible	206.28
Total Kocher, Travis J.			206.28
Lantek			
Bill	11/06/2026	Inv #46044- December 2026 services	1,090.00
Total Lantek			1,090.00
Marshall Dennehey, P.C.			
Bill	09/30/2026	Inv #14438496- Sell vs Borough of Macungie	330.00
Total Marshall Dennehey, P.C.			330.00
PA Chiefs of Police Assoc.			
Bill	10/27/2026	Inv #10153 - Interim services w/ organization assessment	19,737.88
Total PA Chiefs of Police Assoc.			19,737.88
PA One Call System			
Bill	10/31/2026	Inv #1192217 - Pagers	20.72
Total PA One Call System			20.72
PMHIC			
Bill	11/06/2026	Inv #272123-0 - December 2026 Coverage	28,553.53
Total PMHIC			28,553.53

Borough of Macungie - General Fund
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
PSAB Municipal Retirement Trust			
Bill	11/05/2026	Ryan Keiser Match 11-05-26 pay	73.36
Total PSAB Municipal Retirement Trust			73.36
Signal Service, Inc.			
Bill	11/06/2026	Inv #067206- Chestnut & Main repairs	1,825.60
Total Signal Service, Inc.			1,825.60
Stoney Creek Rentals Inc.			
Bill	11/05/2026	Inv #10693-1 - Manlift rental for Christmas decoration	1,092.00
Total Stoney Creek Rentals Inc.			1,092.00
Susquehanna Municipal Trust			
Bill	11/01/2026	Inv #2026-073 - 4th Quarter Contribution	9,124.25
Total Susquehanna Municipal Trust			9,124.25
UniFirst Corporation			
Bill	11/04/2026	Inv #1290337274 - Uniform Service	104.63
Total UniFirst Corporation			104.63
W.B. Mason Co., Inc.			
Bill	11/05/2026	Inv #265587666 - Toner for PW printer	273.95
Total W.B. Mason Co., Inc.			273.95
Wehrung's Macungie LLC			
Bill	10/13/2026	Inv #73782 - Painting supplies	19.16
Bill	10/19/2026	Inv #74000 - Shop supplies	35.76
Bill	10/29/2026	Inv #74445 - Shop supplies	75.97
Bill	11/02/2026	Inv #74570 - Shop supplies	26.07
Total Wehrung's Macungie LLC			156.96
WEX Bank - Sunoco			
Bill	10/31/2026	Inv #116190804 - October 2026 Fuel	1,409.31
Total WEX Bank - Sunoco			1,409.31
TOTAL			**79,304.73**

08-Sewer Company
Paid Bills Detail
All Transactions

Type	Date	Memo	Open Balance
Barry Isett & Associates, Inc.			
Bill	10/14/2026	Inv #0217041 - Sewer I & I Work	472.50
Bill	10/14/2026	Inv #0217027 - Sanitary Sewer Consul 2026	446.25
Total Barry Isett & Associates, Inc.			918.75
TOTAL			**918.75**

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 9, 2026

To the Members of Borough Council
Borough of Macungie
Macungie, PA

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Borough of Macungie for the year ended December 31, 2025 . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 25, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Borough of Macungie are described in Note 2 to the financial statements. As described in Note 16 to the financial statements, the Macungie Borough Authority, previously reported as a blended component unit (Water Fund), is reported as a discretely presented component unit for the year ended December 31, 2025, because its governing board is not substantively the same as Borough Council and no other blending criterion is met. This change within the financial reporting entity was reported in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, and resulted in an adjustment of $(2,151,399) to beginning net position of the business-type activities, with a corresponding beginning net position reported for the component unit. Our auditor's report includes an emphasis-of-matter paragraph regarding this change. The Borough also implemented GASB Statement No. 102, *Certain Risk Disclosures*, for the year ended December 31, 2025; management determined that no disclosure was required. No new accounting policies were adopted, and the application of existing policies was not changed during 2025. We noted no transactions entered into by Borough of Macungie during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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The most sensitive estimate affecting Borough of Macungie's financial statements was:

> Management's estimate of the depreciation expense is based on the straight-line method. We evaluated the methods, assumptions, and data used to develop the expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of the change within the financial reporting entity in Note 16 and the disclosures of litigation in Note 13 and of litigation filed subsequent to year end in Note 17.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Capitalized $199,613 and $137,466 of fixed assets that were posted to expense accounts for the Macungie Borough Authority (discretely presented component unit) and the Sewer Fund, respectively.

- Recorded depreciation expense in the amount of $105,449 and $100,271 for the Macungie Borough Authority (discretely presented component unit) and the Sewer Fund, respectively.

- Reclassified Sewer Fund debt payments posted to an expense account against a liability account in the amount of $308,783.

- Adjusted beginning net position of the Sewer Fund in the amount of $131,101 to agree with the 2024 financial statements.

The Borough also relies on Campbell, Rappold & Yurasits LLP to propose all necessary GASB 34 journal entries, which are then approved by Borough Management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 9, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Borough of Macungie's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Borough of Macungie's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on budgetary comparison and pension schedules, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Members of Council and management of Borough of Macungie and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Campbell, Reppold & Yurasits LLP

BOROUGH OF MACUNGIE

Financial Statements, Independent Auditor's Report and Supplementary Information

December 31, 2025

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

BOROUGH OF MACUNGIE
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C·R&Y CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council
Borough of Macungie
Macungie, PA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Macungie, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Borough of Macungie'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Borough of Macungie as of December 31, 2025, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with 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. 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 Borough of Macungie 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 2 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.

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Emphasis of Matter – Change Within the Financial Reporting Entity

As discussed in Note 16 to the financial statements, the Macungie Borough Authority, previously reported as a blended component unit, is reported as a discretely presented component unit for the year ended December 31, 2025. As a result, beginning net position of the business-type activities has been adjusted. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 generally accepted auditing standards 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 Borough of Macungie'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 Borough of Macungie'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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Macungie's basic financial statements. Management's budgetary comparison and pension schedules on pages 42-48 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 relate 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 budgetary comparison and pension schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2026, on our consideration of Borough of Macungie'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 Borough of Macungie'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 Borough of Macungie's internal control over financial reporting and compliance.

Campbell, Reppold & Yurasits LLP

November 9, 2026

BOROUGH OF MACUNGIE
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Macungie Borough Authority
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 1,805,031	$ 535,919	$ 2,340,950	$ 586,200
Investments	1,143,036	2,130,795	3,273,831	554,057
Internal Balances	150,645	(150,645)	-	-
Due from Component Unit	34,304	-	34,304	-
Due from Primary Government	-	-	-	27,338
Total Current Assets	3,133,016	2,516,069	5,649,085	1,167,595
Noncurrent Assets:				
Land	269,490	-	269,490	13,531
Building and Improvements	1,396,859	-	1,396,859	171,040
Machinery and Equipment	266,553	82,638	349,191	157,119
Vehicles	563,552	-	563,552	-
Infrastructure	1,134,412	3,083,650	4,218,062	2,229,329
Accumulated Depreciation	-	(1,050,436)	(1,050,436)	(1,325,848)
Total Noncurrent Assets	3,630,866	2,115,852	5,746,718	1,245,171
TOTAL ASSETS	6,763,882	4,631,921	11,395,803	2,412,766
LIABILITIES				
Current Liabilities:				
Accrued Expenses	296	-	296	-
Due to Component Unit	23,662	3,676	27,338	-
Due to Primary Government	-	-	-	34,304
Current Portion of Long-Term Debt	74,783	316,217	391,000	66,500
Total Current Liabilities	98,741	319,893	418,634	100,804
Noncurrent Liabilities:				
Long-Term Debt	155,000	654,000	809,000	97,268
Total Noncurrent Liabilities	155,000	654,000	809,000	97,268
TOTAL LIABILITIES	253,741	973,893	1,227,634	198,072
NET POSITION				
Net Investment in Capital Assets	3,401,083	1,145,635	4,546,718	1,081,403
Restricted for:				
Special Revenue	191,664	-	191,664	-
Unrestricted	2,917,394	2,512,393	5,429,787	1,133,291
TOTAL NET POSITION	$ 6,510,141	$ 3,658,028	$ 10,168,169	$ 2,214,694

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

BOROUGH OF MACUNGIE
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE 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	Total	Component Unit
Governmental Activities:								
General Government	$ 552,371	$ 775	$ 109,424	$ -	$ (442,172)	$ -	$ (442,172)	$ -
Public Safety	1,233,392	34,054	21,863	-	(1,177,475)	-	(1,177,475)	-
Public Works	349,320	-	-	285,953	(63,367)	-	(63,367)	-
Culture and Recreation	87,501	3,500	-	-	(84,001)	-	(84,001)	-
Interest on Long-Term Debt	7,222	-	-	-	(7,222)	-	(7,222)	-
Payment to Component Unit	5,000	-	-	-	(5,000)	-	(5,000)	-
Total Governmental Activities	2,234,806	38,329	131,287	285,953	(1,779,237)	-	(1,779,237)	-
Business-Type Activities:								
Sewer	778,276	856,132	-	75,000	-	152,856	152,856	-
Refuse	603,463	694,026	-	-	-	90,563	90,563	-
Total Business-Type Activities	1,381,739	1,550,158	-	75,000	-	243,419	243,419	-
Total Primary Government	$ 3,616,545	$ 1,588,487	$ 131,287	$ 360,953	$ (1,779,237)	$ 243,419	$ (1,535,818)	$ -
Component Unit:								
Macungie Borough Authority	$ 523,233	$ 552,269	$ -	$ -	$ -	$ -	$ -	$ 29,036
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes, net					$ 1,082,371	$ -	$ 1,082,371	$ -
Earned Income Taxes					639,684	-	639,684	-
Local Services Taxes					49,197	-	49,197	-
Other Taxes, levied for general purposes, net					240,141	-	240,141	-
Licenses and Permits					44,717	-	44,717	-
Fines and Forfeitures					5,978	-	5,978	-
Miscellaneous Income					96,766	-	96,766	-
Interest and Rental Income					90,967	102,560	193,527	29,259
Payment from Primary Government						-	-	5,000
Transfers In/(Out)					193,512	(193,512)	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					2,443,333	(90,952)	2,352,381	34,259
Change in Net Position					664,096	152,467	816,563	63,295
Net Position - Beginning, As Previously Reported					5,846,045	5,656,960	11,503,005	-
Adjustment for Change in Reporting Entity (Note 16)					-	(2,151,399)	(2,151,399)	2,151,399
Net Position - Beginning, As Adjusted					5,846,045	3,505,561	9,351,606	2,151,399
Net Position - Ending					$ 6,510,141	$ 3,658,028	$ 10,168,169	$ 2,214,694

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

BOROUGH OF MACUNGIE
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds		Non-Major Fund	
	General	Capital Projects	Special Revenue	Total
ASSETS				
Cash and Cash Equivalents	$ 1,589,241	$ 165,207	$ 50,583	$ 1,805,031
Investments	168,413	835,312	139,311	1,143,036
Due From Other Funds	190,448	-	1,770	192,218
Due from Component Unit	34,304	-	-	34,304
TOTAL ASSETS	$ 1,982,406	$ 1,000,519	$ 191,664	$ 3,174,589
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued Expenses	$ 296	$ -	$ -	$ 296
Due To Other Funds	41,573	-	-	41,573
Due to Component Unit	23,662	-	-	23,662
TOTAL LIABILITIES	65,531	-	-	65,531
FUND BALANCES				
Assigned	184,926	1,000,519	-	1,185,445
Restricted	-	-	191,664	191,664
Unassigned	1,731,949	-	-	1,731,949
TOTAL FUND BALANCES	1,916,875	1,000,519	191,664	3,109,058
TOTAL LIABILITIES AND FUND BALANCES	$ 1,982,406	$ 1,000,519	$ 191,664	$ 3,174,589

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

BOROUGH OF MACUNGIE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 3,109,058
Amounts Reported for Governmental Activities in the Statement of Net Position - Modified Cash Basis are Different Because:		
Cost of capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.		3,630,866
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year end consist of:		
Long-Term Debt	$ (229,783)	(229,783)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 6,510,141

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

BOROUGH OF MACUNGIE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Major Funds		Non-Major Fund	
	General	Capital Projects	Special Revenue	Total
REVENUES				
Taxes	$ 2,011,393	$ -	$ -	$ 2,011,393
Licenses and Permits	44,717	-	-	44,717
Fines and Forfeitures	5,978	-	-	5,978
Interest and Rents	48,542	36,499	5,926	90,967
Intergovernmental Revenues	329,963	-	87,277	417,240
Charges for Services	38,329	-	-	38,329
Other Revenues	96,766	-	-	96,766
TOTAL REVENUES	2,575,688	36,499	93,203	2,705,390
EXPENDITURES				
General Government	584,506	152	-	584,658
Public Safety	1,233,392	-	-	1,233,392
Public Works - Highways and Streets	441,166	90,990	70,784	602,940
Culture and Recreation	87,501	-	-	87,501
Principal	73,217	-	-	73,217
Interest	7,222	-	-	7,222
Payment to Component Unit	5,000	-	-	5,000
TOTAL EXPENDITURES	2,432,004	91,142	70,784	2,593,930
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	143,684	(54,643)	22,419	111,460
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	445,930	37,513	-	483,443
Operating Transfers Out	(37,513)	(252,418)	-	(289,931)
Total Other Financing Sources (Uses)	408,417	(214,905)	-	193,512
Net Change in Fund Balances	552,101	(269,548)	22,419	304,972
Fund Balances, January 1	1,364,774	1,270,067	169,245	2,804,086
FUND BALANCES, DECEMBER 31	$ 1,916,875	$ 1,000,519	$ 191,664	$ 3,109,058

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

BOROUGH OF MACUNGIE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds		$ 304,972
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of those expenditures is not reported but treated as a capital asset on the Statement of Net Position - Modified Cash Basis		
Capital Outlay	$ 285,907	285,907
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis		73,217
Change in Net Position of Governmental Activities		$ 664,096

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

BOROUGH OF MACUNGIE
STATEMENT OF NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
DECEMBER 31, 2025

	Sewer Fund	Refuse Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 411,772	$ 124,147	$ 535,919
Investments	2,130,795	-	2,130,795
Due From Other Funds	25,738	14,065	39,803
Total Current Assets	2,568,305	138,212	2,706,517
Noncurrent Assets:			
Fixed Assets, Less Accumulated Depreciation	2,115,852	-	2,115,852
Total Noncurrent Assets	2,115,852	-	2,115,852
TOTAL ASSETS	$ 4,684,157	$ 138,212	$ 4,822,369
LIABILITIES			
Current Liabilities:			
Due To Other Funds	$ 34,665	$ 155,783	$ 190,448
Due to Component Unit	3,676	-	3,676
Current Portion of Long-Term Debt	316,217	-	316,217
Total Current Liabilities	354,558	155,783	510,341
Noncurrent Liabilities:			
Long-Term Debt	654,000	-	654,000
Total Noncurrent Liabilities	654,000	-	654,000
TOTAL LIABILITIES	1,008,558	155,783	1,164,341
NET POSITION			
Net Investment in Capital Assets	1,145,635	-	1,145,635
Unrestricted	2,529,964	(17,571)	2,512,393
Total Net Position	3,675,599	(17,571)	3,658,028
TOTAL LIABILITIES AND NET POSITION	$ 4,684,157	$ 138,212	$ 4,822,369

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

BOROUGH OF MACUNGIE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Sewer Fund	Refuse Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for Services	$ 856,132	$ 694,026	$ 1,550,158
Total Operating Revenues	856,132	694,026	1,550,158
OPERATING EXPENSES:			
Personnel	189,105	-	189,105
Supplies	9,118	95	9,213
Employee Benefits	51,423	-	51,423
Insurance	304	-	304
Repairs and Maintenance	48,223	-	48,223
Disposal System	285,940	603,368	889,308
Professional Services	64,480	-	64,480
Depreciation and Amortization	100,271	-	100,271
Total Operating Expenses	748,864	603,463	1,352,327
OPERATING INCOME	107,268	90,563	197,831
NON-OPERATING REVENUES (EXPENSES):			
Interest Revenue	102,560	-	102,560
Interest Expense	(29,412)	-	(29,412)
Total Non-operating Revenues and Expenses	73,148	-	73,148
INCOME BEFORE OTHER ITEMS	180,416	90,563	270,979
Capital Contributions	75,000	-	75,000
Transfers In	-	-	-
Transfers Out	-	(193,512)	(193,512)
Change in Net Position	255,416	(102,949)	152,467
Total Net Position - January 1	3,420,183	85,378	3,505,561
TOTAL NET POSITION - December 31	$ 3,675,599	$ (17,571)	$ 3,658,028

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

BOROUGH OF MACUNGIE
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS –
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Sewer Fund	Refuse Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 856,132	$ 694,026	$ 1,550,158
Cash Payment to Suppliers for Goods and Services	(616,456)	(467,863)	(1,084,319)
Cash Payments to Employees for Services	(240,528)	-	(240,528)
Net Cash Provided by (Used in) Operating Activities	(852)	226,163	225,311
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers In	-	-	-
Operating Transfers Out	-	(193,512)	(193,512)
Net Cash Used in Noncapital Financing Activities	-	(193,512)	(193,512)
CASH FLOWS FROM CAPITAL ACTIVITIES AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(137,466)	-	(137,466)
Capital Grant Receipts	75,000	-	75,000
Net Cash Used in Capital Activities	(62,466)	-	(62,466)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	102,560	-	102,560
Purchases of Investments	(102,454)	-	(102,454)
Proceeds from Sale of Investments	676,400	-	676,400
Net Cash Provided by Investing Activities	676,506	-	676,506
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal Payments on Long-Term Debt	(308,783)	-	(308,783)
Interest Paid	(29,412)	-	(29,412)
Net Cash Used in Financing Activities	(338,195)	-	(338,195)
Net Increase in Cash and Cash Equivalents	274,993	32,651	307,644
Cash and Cash Equivalents, January 1	136,779	91,496	228,275
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 411,772	$ 124,147	$ 535,919
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income	$ 107,268	$ 90,563	$ 197,831
Adjustment to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	100,271	-	100,271
Changes in Assets and Liabilities			
Decrease in Amounts Due From Other Funds	47,712	737,088	784,800
Decrease in Amounts Due To Other Funds	(256,103)	(601,488)	(857,591)
Total Adjustments	(108,120)	135,600	27,480
Net Cash Provided by (Used in) Operating Activities	$ (852)	$ 226,163	$ 225,311

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

BOROUGH OF MACUNGIE
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUND
DECEMBER 31, 2025

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents - Restricted	$ 29,639
Due from Depositors	15,273
Total Assets	$ 44,912
LIABILITIES:	
Accounts Payable	$ 44,912
Total Liabilities	44,912
NET POSITION:	
Restricted	-
Total Liabilities and Net Position	$ 44,912

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

BOROUGH OF MACUNGIE
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Custodial Funds
ADDITIONS:	
Interest and Dividends	$ 45
Collections from Other Entities	139,003
Total Additions	139,048
DEDUCTIONS:	
Payments to Other Entities	139,048
Total Deductions	139,048
NET DECREASE	-
NET POSITION:	
Net Position, January 1	-
Net Position, December 31	$ -

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

1. Entity

The Borough of Macungie (the "Borough") was incorporated in 1857 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania ("Commonwealth").

The Borough Council, a seven-member group, and a Mayor, is the level of government responsible for providing a full range of municipal services including those mandated by statute or ordinance. These include public safety, highways and streets, culture and recreation, public improvements, planning and zoning, refuse and general administrative services. The Borough receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities.

In evaluating the Borough as a reporting entity, management has addressed all potential component units for which the Borough may or may not be financially accountable, and as such, be includable within the Borough's financial statements. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39 and GASB Statement No. 61, the Borough is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit's relationship with the Borough, and a discussion of how component unit information has been incorporated into the financial statements: The Macungie Borough Authority ("Authority") was organized in 1981 and operates under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §5601 et seq., as amended. The Authority owns and operates the water system for the Borough of Macungie. Borough Council appoints the Authority's five-member Board of Directors. The Authority has no employees; its operations are carried out by Borough employees whom the Borough appoints, hires and may dismiss, and the related personnel and administrative costs are allocated to the Authority. Because the Borough appoints the Authority's governing board and is able to impose its will on the Authority, the Authority is a component unit of the Borough. The Authority is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough. Separate financial statements of the Authority, audited by Campbell, Rappold & Yurasits LLP, may be obtained from the Borough of Macungie, 21 Locust Street, Macungie, PA 18062.

2. Summary of Significant Accounting Policies

The financial statements of Borough of Macungie have been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and is described more fully under Basis of Accounting and Measurement Focus. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are described below to enhance the usefulness of the financial statements to the reader.

2. Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, and other financing sources and uses. These various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Presentation

The Borough's basic financial statements consist of government-wide statements, including a Statement of Net Position – Modified Cash Basis and a Statement of Activities – Modified Cash Basis, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the Borough as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The Statement of Net Position – Modified Cash Basis presents the financial condition of the governmental and business-type activity of the Borough at fiscal year-end. The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for the business-type activity of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Borough.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise fund are service charges for sewer and refuse. Operating expenses for the Borough's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting

For financial reporting purposes, the Borough's funds have been grouped by fund type and are presented in this report in the following manner:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Borough are financed. The acquisition, use and balances of the Borough's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- ***General Fund (Major Fund)*** - is used to account for all financial transactions applicable to the general operations of the Borough except for those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

- ***Special Revenue Funds*** - are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following is the Borough's special revenue fund type:

  State Liquid Fuels Fund (Non-Major Fund) - is utilized to account for the financial activity of the Borough's motor vehicle fuel tax allocation from the Commonwealth of Pennsylvania.

- ***Capital Projects Fund (Major Fund)*** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Types

Proprietary funds are used to account for the Borough's ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The Borough has one type of proprietary fund - the Enterprise Fund.

- ***Enterprise Fund*** - are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Borough has two Enterprise Funds described below.

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Sewer Fund - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Refuse Fund - is used to account for the administration of the collection and disposal of municipal waste and recycling materials in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Borough's fiduciary fund type:

- ***Custodial Funds*** - are used to account for funds held in escrow for other parties. The principal source of revenue for these funds are collections of developer escrow deposits to be used as expense reimbursements for legal and engineering fees.

Basis of Accounting and Measurement Focus

Basis of Accounting

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses in the financial statements regardless of the measurement focus. The modified cash basis of accounting is followed for all governmental, proprietary and fiduciary funds of the Borough and for the discretely presented component unit, the Macungie Borough Authority. The modified cash basis differs from GAAP in that certain revenues and the related assets are recognized when received rather than when earned and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Modifications to the cash basis of accounting include: proprietary fund and component unit capital assets are capitalized and depreciated over their economic useful lives, the recording of long-term debt proceeds and principal payments as liabilities, prepaid employer and employee payroll taxes, and the recording of payroll withholdings when withheld from employees' pay.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds presents the results of the Borough's governmental activities; it does not purport to present the net income or loss for the period as a whole.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are accounted for on a spending or "financial flow" measurement focus. This means the Borough has elected to report on a modified cash basis while reporting long-term indebtedness in the General Fund. Governmental fund-type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Measurement Focus (Continued)

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on their Statements of Assets, Liabilities, and Net Position – Modified Cash Basis. The reported fund equity is segregated into contributed capital and net position - modified cash basis. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in equity. The discretely presented component unit is accounted for on the same measurement focus as the proprietary funds.

Budgets and Non-GAAP Budgetary Basis of Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with the Borough Code and Borough procedures, at least thirty days prior to adoption, the Borough Manager submits to the Borough Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works and culture and recreation, debt service, insurance, employee benefits, community development and other.

- Public hearings are conducted to obtain taxpayer comment.

- By December 31, the budget is legally enacted through passage of a resolution. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.

- All modifications, transfers and amendments must be approved by Borough Council.

- Formal budgetary integration is employed as a management control device during the year for the General Fund.

- The legally required and adopted budgets of the Borough are for the General Fund.

- Budgets for the General Fund, State Liquid Fuels Fund, and Capital Projects Fund are adopted on a modified cash basis of accounting discussed above.

- Borough Council may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2025. Borough Council must approve all over expenditures of appropriations or transfers of appropriated amounts.

2. Summary of Significant Accounting Policies (Continued)

Budgets and Non-GAAP Budgetary Basis of Accounting (Continued)

The Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Modified Cash Basis - Budget Comparison presents comparisons of legally adopted budgets with actual data. The budget has been prepared on the modified cash basis, which is the same basis of accounting used to prepare the financial statements as described more fully in Note 2. The Borough Council approves by a motion the total appropriations in the budget. Fund Balance and any revisions to the budget also require approval by Borough Council. There were no amendments to the budget as presented in the current year.

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis are comprised of cash on hand, demand deposits with financial institutions, and short-term investments with original maturities of three months or less as of the date of acquisition.

For the purpose of the proprietary funds, "Statement of Cash Flows – Modified Cash Basis", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and all highly liquid investments with an original maturity of three months or less.

Investments

The Borough's investments consist of the Pennsylvania Local Government Investment Trust ("PLGIT") and certificates of deposit. The Borough has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 72, *Fair value Measurement and Application* and No. 79, *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis. Held-to-maturity certificates of deposit held at financial institutions with original maturity of greater than three months are reported at amortized cost.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Interfund Transactions

Certain inter-fund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of net position are reported as residual transfers of net position. All other inter-fund transfers are reported as operating transfers.

2. Summary of Significant Accounting Policies (Continued)

Restricted Assets

Cash and investments have been restricted to the extent of escrows payable and specific uses.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities, business-type activities, or discretely presented component unit columns in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

The sewer system reported in the business-type activities and the water system of the discretely presented component unit, Macungie Borough Authority, are depreciated using the straight-line method over the estimated useful lives of system components ranging from 5 to 50 years. Capital assets are defined by the Borough and the Authority as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

No depreciation is recorded on governmental activities capital assets, as the Borough has elected not to apply depreciation to those assets under its modified cash basis of accounting.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Borough's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Leases

The Borough reports its financial statements in accordance with the modified cash basis of accounting. As such, the Borough does not report lease assets or related lease liabilities because the acquisition or recognition of those assets and liabilities did not involve a cash inflow or outflow at the time of acquisition or commencement.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

2. Summary of Significant Accounting Policies (Continued)

Management Estimates

The preparation of financial statements prepared with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted – consist of assets that are restricted by the Borough's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

The fund balance of Governmental Fund Types and the Fiduciary Funds are classified in four separate categories. The categories, and their general meanings, are as follows:

- Restricted fund balance - indicates the portion of the fund balance that can only be spent for specific purposes because of constitutional provisions, legislation, or constraints that are externally imposed.

- Committed fund balance - indicates the portion of the fund balance that can only be used for specific purposes determined by formal action of the Council.

- Assigned fund balance - indicates the portion of the fund balance that has been appropriated for specific purposes by authorization of the Council.

- Unassigned fund balance - indicates the portion of the fund balance that is available for appropriation and expenditure, in future periods.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

2. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The Borough of Macungie has not recorded any deferred outflows/inflows of resources because the Borough has elected to report its financial activities on the modified cash basis of accounting.

3. Deposits with Financial Institutions and Investments

General

Under Section 1316 of the Pennsylvania Borough Code, the Borough is authorized to invest in United States Treasury Bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the U.S. Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of 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, shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Borough funds listed above and certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Borough adheres to the statutes of the Commonwealth. Deposits of the Borough are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Borough.

Cash (Cash on Hand and Bank Balances)

At December 31, 2025, the carrying amount of the Borough's bank deposits at two financial institutions (including Custodial Funds) totaled $2,370,390 and the corresponding bank balances were $2,579,548 of which $500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of $2,079,548 were collateralized, as described below.

3. Deposits with Financial Institutions and Investments (Continued)

Cash (Cash on Hand and Bank Balances)

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of $2,079,548 were collateralized by this pool of assets maintained by the Borough's depository institutions.

In addition, the Borough included in cash, amounts held on hand in petty cash. At December 31, 2025, the petty cash balance was $199.

Cash (Cash on Hand and Bank Balances) – Component Unit – Macungie Borough Authority

The Authority can invest its general funds as provided by the Municipality Authorities Act. The types of investments authorized are in the same type of funds discussed above for the Borough.

At December 31, 2025, the carrying amount of the Authority's bank deposits, including certificates of deposit, at two financial institutions totaled $586,200 and the corresponding bank balances were $588,502 of which $476,995 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of $111,507 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of the public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of the FDIC limits. The uninsured bank balances, including certificates of deposit, (as defined by Statement No. 3 of the GASB) of the Authority in the amount of $111,507 were collateralized by this pool of assets maintained by the Authority's depository institutions.

Investments

The Borough uses Pennsylvania Local Government Investment Trust ("PLGIT"), an external investment pool, that was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity.

Investments in PLGIT are similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT investments included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of $1 per share.

3. Deposits with Financial Institutions and Investments (Continued)

All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at www.plgit.com.

PLGIT-Class shares require no minimum balance, no minimum initial investment, and have a one-day minimum investment period. PLGIT/Reserve-Class shares require a $50,000 minimum initial deposit, have a one-day minimum investment period, and limits redemptions or exchanges to two per calendar month.

As of December 31, 2025, the Borough had the following investments:

	Amortized Cost	Fair Value	Maturity 0-5 Years	Standard & Poor's Rating
Governmental Activities:				
Pennsylvania Local Government Investment Trust - Class	$ 9,680	$ -	9,680	AAAm
Pennsylvania Local Government Investment Trust - Reserve-Class	128,279	-	128,279	AAAm
Certificates of Deposit	1,005,077	-	1,005,077	N/A
	$ 1,143,036	$ -	$ 1,143,036	
Business-Type Activities:				
Pennsylvania Local Government Investment Trust - Reserve-Class	$ 122,755	$ -	$ 122,755	AAAm
Certificates of Deposit	2,008,040	-	2,008,040	N/A
	$ 2,130,795	$ -	$ 2,130,795	

Measurement

Investments with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools and certificates of deposit are reported at amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough discloses the credit quality ratings of its investments in debt securities and external investment pools.

3. Deposits with Financial Institutions and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Borough's investment in a single issuer. GASB 40 requires disclosure of investments in any one issuer that represent 5% or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, including PLGIT, and other pooled investments. As of December 31, 2025, the Borough had no investments in any one issuer representing 5% or more of total investments that require disclosure.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the Borough's deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty, the Borough will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Pennsylvania Local Government Code and the Borough's investment policy do not contain legal or policy requirements that would limit the Borough's exposure to custodial credit risk for deposits other than the following provisions: Pennsylvania Act 72 requires financial institutions to secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

Investments – Component Unit – Macungie Borough Authority

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

	Amortized Cost	Fair Value	Maturity 0-5 Years	Standard & Poor's Rating
Component Unit:				
Certificates of Deposit	$ 554,057	$ -	$ 554,057	N/A

4. Real Estate Taxes

Based upon assessed valuations provided by the County ($251,602,900 in 2025), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2025 is as follows:

January 1	- levy date
March 1	- billing date
March 1 - April 30	- 2% discount period
April 1 - June 30	- face payment period
July 1 - December 31	- 10% penalty period
January 1 (following year)	- lien date

The Borough continues to collect delinquent real estate taxes through December of the current year. At that time, all unpaid real estate taxes are turned over to the County of Lehigh Tax Claim Bureau for further collection. The 2025 municipal tax rate for all purposes was 4.25 mils ($4.25 per $1,000 of assessed valuation).

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2025 as follows:

	Due from Other Funds	Due to Other Funds
Governmental Activities		
General Fund	$ 190,448	$ 41,573
Special Revenue Fund	1,770	-
Business-Type Activities		
Sewer Fund	25,738	34,665
Refuse Fund	14,065	155,783
	$ 232,021	$ 232,021

Balances between the primary government and its discretely presented component unit, the Macungie Borough Authority, at December 31, 2025, were as follows:

	Due from Component Unit	Due to Component Unit
General Fund	$ 34,304	$ 23,662
Sewer Fund	-	3,676
	$ 34,304	$ 27,338

These balances result from the allocation of personnel and administrative costs to the Authority and the timing of settlement of shared receipts and disbursements.

6. Inter-fund Transfers

Inter-fund transfers during 2025 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
Governmental Activities		
General Fund	$ 445,930	$ 37,513
Capital Projects Fund	37,513	252,418
Business-Type Activities		
Refuse Fund	-	193,512
	$ 483,443	$ 483,443

During 2025, the Borough paid $5,000 to the Macungie Borough Authority, which is reported as an expense of the governmental activities and as revenue of the component unit.

7. Capital Assets

Primary government capital asset activity for the fiscal year ended December 31, 2025, was as follows:

	Balance Jan. 1, 2025	Additions	Retirements	Balance Dec. 31, 2025
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	$ 269,490	$ -	$ -	$ 269,490
Building and Improvements	1,396,859	-	-	1,396,859
Machinery and Equipment	266,553	-	-	266,553
Vehicles	563,552	-	-	563,552
Infrastructure	848,505	285,907	-	1,134,412
Governmental Activities Capital Assets at Historical Cost	$ 3,344,959	$ 285,907	$ -	$ 3,630,866

No depreciation has been provided for the governmental activities' capital assets.

	Balance Jan. 1, 2025	Additions	Retirements	Balance Dec. 31, 2025
Business-Type Activities:				
Capital Assets Being Depreciated				
Machinery and Equipment	$ 82,638	$ -	$ -	$ 82,638
Infrastructure	2,946,184	137,466	-	3,083,650
Total Capital Assets Being Depreciated	3,028,822	137,466	-	3,166,288
Less Accumulated Depreciation	(950,165)	(100,271)	-	(1,050,436)
Business-Type Capital Assets, Net	$ 2,078,657	$ 37,195	$ -	$ 2,115,852

Depreciation expense for the Sewer Fund was $100,271 in 2025.

Component unit capital asset activity for the fiscal year ended December 31, 2025, was as follows:

	Balance Jan. 1, 2025	Additions	Retirements	Balance Dec. 31, 2025
Component Unit - Macungie Borough Authority:				
Capital Assets not Being Depreciated:				
Land	$ 13,531	$ -	$ -	$ 13,531
Capital Assets Being Depreciated				
Infrastructure	2,029,716	199,613	-	2,229,329
Machinery and Equipment	157,119	-	-	157,119
Building and Improvements	171,040	-	-	171,040
Total Capital Assets Being Depreciated	2,357,875	199,613	-	2,557,488
Less Accumulated Depreciation	(1,220,399)	(105,449)	-	(1,325,848)
Component Unit Capital Assets, Net	$ 1,151,007	$ 94,164	$ -	$ 1,245,171

Depreciation expense for the Authority was $105,449 in 2025.

8. Long-Term Debt – Notes from Direct Borrowings

Changes in long-term obligations for the year ended December 31, 2025, are as follows:

	Balance Outstanding Jan. 1, 2025	Additions	Reductions	Balance Outstanding Dec. 31, 2025	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
General Obligation - Series 2021: Issued at private sale to New Tripoli Bank in the original amount of $3,000,000, of which $576,332 was allocated to governmental activities to refund the Borough's general fund debt. Fixed interest rate of 2.30%, payable semiannually on January 15 and July 15; principal payable annually on July 15 through final maturity on July 15, 2028. The note is a general obligation of the Borough secured by its full faith, credit and taxing power and may be prepaid at any time without penalty.	$ 303,000	$ -	$ (73,217)	$ 229,783	$ 74,783
Business-Type Activities:					
General Obligation - Series 2021: General Obligation Note, Series of 2021 (see above), of which $2,423,668 was allocated to business-type activities to fund sewer inflow and infiltration and sewer line relining projects and to refund the 2017 sewer note. Same rate, payment dates, maturity, security and prepayment terms as described above.	$ 1,279,000	$ -	$ (308,783)	$ 970,217	$ 316,217
Total Primary Government	$ 1,582,000	$ -	$ (382,000)	$ 1,200,000	$ 391,000
Component Unit - Macungie Borough Authority					
Water Revenue Note - Series 2016: Macungie Borough Authority Water Revenue Note, Series of 2016, issued to ESSA Bank & Trust in a maximum amount of $665,000 to finance water system capital improvements. Fixed interest rate of 2.35% for a 13-year term; interest only during a 36-month draw period, followed by semiannual interest and ten annual principal payments of $66,500. The note is a revenue obligation of the Authority secured by a pledge of water revenues; the credit and taxing power of the Borough are not pledged. The note may be prepaid without penalty.	$ 230,268	$ -	$ (66,500)	$ 163,768	$ 66,500

The annual debt service requirements to maturity for notes from direct borrowings, including interest are as follows, as of December 31, 2025:

Years Ending December 31,	Primary Government		Component Unit - Macungie Borough Authority		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 391,000	$ 27,600	$ 66,500	$ 4,165	$ 457,500	$ 31,765
2027	400,000	18,607	66,500	2,681	466,500	21,288
2028	409,000	9,407	30,768	1,162	439,768	10,569
	$ 1,200,000	$ 55,614	$ 163,768	$ 8,008	$ 1,363,768	$ 63,622

8. Long-Term Debt – Notes from Direct Borrowings (Continued)

All outstanding debt of the primary government (General Obligation Note, Series of 2021) and of the component unit (Water Revenue Note, Series of 2016) consists of direct borrowings. Neither the Borough nor the Authority has assets pledged as collateral or unused lines of credit. The 2021 Note contains no acceleration clauses, termination events with finance-related consequences, or subjective acceleration clauses. Under the 2021 Note, failure to pay debt service when due, to fund the sinking fund, or to perform covenants constitutes an event of default, upon which the noteholder may exercise the remedies provided by the Pennsylvania Local Government Unit Debt Act, including suit to enforce payment. The Authority has pledged water revenues to repay the 2016 Water Revenue Note, issued to finance water system capital improvements, through 2028. Remaining principal and interest on the note totals $171,776. Principal and interest paid in 2025 were $71,991, compared with pledged revenues of $552,269, or approximately 13% of pledged revenues.

9. Defined Contribution Retirement Plan

The Borough provides pension benefits for all of its eligible full-time non-uniformed employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who work forty or more hours per week are eligible to participate. The Borough will contribute into the Plan 100% of the amount of each eligible Participant's Mandatory Employee Contributions. The plan requires employees to contribute an amount equal to 3% of the employee's salary as defined by the plan each year. Employees may also make additional voluntary contributions. The Borough will contribute into the Plan 100% of the amount of each eligible Participant's Mandatory Employee Contributions. The Plan entered into a Joinder Agreement with The Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT).

The Borough's contributions paid to the plan during 2025 were $2,363.

10. Defined Benefit Retirement Plans

The Borough has two defined benefit pension plans under multi-employer arrangements. One plan, the Borough of Macungie Police ("Uniformed") Pension Plan, covers uniformed police personnel employed on a full-time basis. The other plan, the Borough of Macungie Employees' ("Non-Uniformed") Pension Plan, covers full-time non-uniformed employees of the Borough.

Non-Uniformed Pension Plan

Plan Description for the Non-Uniformed Employees of the Borough of Macungie

The Borough of Macungie Non-Uniformed Defined Benefit Pension Plan is a single-employer defined benefit pension plan covering the full-time non-uniformed employees hired before January 1, 2016. The Plan was established effective January 1, 1971 and entered into a Joinder Agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan was restated by Ordinance No. 2016-04 effective January 1, 2016. The Plan is governed by the Borough Council. The Borough Council has delegated the authority to manage Plan assets to the PSABMRT. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries, pursuant to the plan document, as amended.

10. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

Funding Policy for the Non-Uniformed Employees of the Borough of Macungie

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions. As a condition of participation, full-time employees are required to contribute 3% of compensation to the Plan. This contribution is governed by the Plan's resolution and PSABMRT Joinder Agreement.

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Pension Expense

For the year ended December 31, 2025, the Borough recognized pension expense of $57,278.

Eligibility Requirements	
Normal Retirement	Age 60 and 20 years of service
Early Retirement	Attainment of age 62
Vesting	4 years = 40%; 5 years = 45%; 6 years = 50%; plus 10% for each additional year up to 100% after 11 years
Retirement Benefit	A monthly benefit equal to 50% of Average Monthly Compensation (compensation averaged over the final 36 months of employment) Employees hired on or after January 1, 2016 are not eligible to participate in the defined benefit plan.
Survivor Benefit	
Before Retirement Eligibility	Refund of contributions plus interest.
After Retirement Eligibility	The normal form of payments is joint and 50% survivor annuity. Optional forms of payment are available at the election of the participant at retirement and are actuarially equivalent to the Normal Form.
Disability Benefit	
Service Related	For total and permanent disablement and qualification for Social Security Disability benefits, a monthly benefit equal to the employee's accrued benefit at date of disablement will be payable at Normal Retirement.
Non-Service Related	Same as Service Related provision.
Member Contributions	
Amount or Rate	5.0% of pay.
Interest Rate Credited to Member Contributions	Member Contributions are credited with 8.00% interest.

10. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

Plan Membership at December 31, 2025

Inactive Members or Beneficiaries Currently Receiving Benefits	8
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Members	3
Total Members	11

Net Pension Liability (Asset)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used the determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2024	$ 2,167,903	$ 2,212,296	$ (44,393)
Changes for the year:			
Service Cost	27,890	-	27,890
Interest Cost	148,900	-	148,900
Changes in Benefit Terms	-	-	-
Changes for Experience	(33,277)	-	(33,277)
Changes of Assumptions	52,644	-	52,644
Contributions - Employer and State Aid	-	57,278	(57,278)
Contributions - Member	-	10,965	(10,965)
Net Investment Income	-	301,556	(301,556)
Benefit Payments	(120,255)	(120,255)	-
Administrative Expense	-	(21,156)	21,156
Other Changes	-	-	-
Net Changes	75,902	228,388	(152,486)
Balance at December 31, 2025	$ 2,243,805	$ 2,440,684	$ (196,879)

10. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	$ 19,324	$ (196,879)	$ (382,516)

Uniformed Pension Plan

Plan Description for the Uniformed Employees of the Borough of Macungie

The Borough of Macungie Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1971 and entered into a Joinder Agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan was restated by Ordinance No. 2022-02 effective January 1, 2022. The Plan is governed by the Borough Council. The Borough Council has delegated the authority to manage Plan assets to the PSABMRT. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries, pursuant to the plan document, as amended.

Funding Policy for the Uniformed Employees of the Borough of Macungie

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees hired prior to January 1, 2018 are required to contribute 3% of compensation, full-time employees hired on or after January 1, 2018 and before January 1, 2022 are required to contribute 5% of compensation to the Plan and full-time employees hired on or after January 1, 2022 are required to contribute 8% of compensation to the Plan. This contribution is governed by the Plan's ordinance and collective bargaining agreement.

10. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

Funding Policy for the Uniformed Employees of the Borough of Macungie (Continued)

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Pension Expense

For the year ended December 31, 2025, the Borough recognized pension expense of $142,099.

Eligibility Requirements	
Normal Retirement	Age 55 and 25 years of service
Early Retirement	None
Vesting	100% after completion of 12 years of service
Retirement Benefit	A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of $100 for service in excess of 25 years
Death Benefit	
Killed-In-Service	Act 51.
Post-Retirement	50% of retirement benefits. If eligible for vesting, refund of contributions with interest or 50% of vested benefit payable at officer's superannuation retirement date. For officers who retire after January 1, 2022, the spouse will receive 66.67% of the pension which the retired member was receiving or which an active member would have received if he had been retired. If eligible for vesting, refund of contributions with interest or 66.67% of vested benefit payable at officer's superannuation retirement date.
Disability Benefit	
Service Related	50% of the member's final monthly average salary at disablement/retirement, but no less than 50% of the member's salary at the time the disability was incurred, offset by Social Security Disability benefits received for the same injury.
Non-Service Related	None
Post Retirement Adjustments	For officers who retire after January 1, 2022, an annual cost of living increase shall be provided beginning in January after the officer turns 63 years old. The cost of living increase shall be equal to the Philadelphia CPI-U with an annual cap of 2.5% per year and a maximum life cost of living increase of 30%. The total of all increases may not exceed 75% of the final monthly average salary used to compute the original benefit.
DROP Benefit	Act 44 36 months.
Member Contributions	
Amount or Rate	3% if hired prior to January 1, 2018, and 5% if hired on or after January 1, 2018.
Interest Rate Credited to Member Contributions	5.0%

10. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

Deferred Retirement Option Plan (DROP)

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP.

As of December 31, 2025, there were no members participating in the DROP program.

Plan Membership at December 31, 2025

Net Pension Liability

The net pension liability was measured as of December 31, 2025, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2025.

Inactive Members or Beneficiaries Currently Receiving Benefits	2
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Members	6
Total Members	8

No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2024	$ 2,136,369	$ 2,026,679	$ 109,690
Changes for the year:			
Service Cost	123,325	-	123,325
Interest Cost	149,205	-	149,205
Changes in Benefit Terms	-	-	-
Changes for Experience	(36,317)	-	(36,317)
Changes of Assumptions	51,194	-	51,194
Contributions - Employer and State Aid	-	142,099	(142,099)
Contributions - Member	-	21,769	(21,769)
Net Investment Income	-	282,709	(282,709)
Benefit Payments	(39,499)	(39,499)	-
Administrative Expense	-	(20,092)	20,092
Other Changes	-	-	-
Net Changes	247,908	386,986	(139,078)
Balance at December 31, 2025	$ 2,384,277	$ 2,413,665	$ (29,388)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	$ 256,239	$ (29,388)	$ (269,402)

11. Postemployment Benefits Other Than Pensions

Plan Description

The Borough administers the Macungie Borough Health and Welfare Plan. This plan is a single-employer defined benefit plan. The Plan provides post-employment health and welfare benefits to any full-time police officer who retires on or after January 1, 2011 with at least 20 years of service and attainment of the age of 55. There are no minimum eligibility requirements if the employee has a service-related disability. The coverage includes medical, prescription drug, dental and vision benefits. Non-uniformed employees are not eligible to participate in this plan.

The Plan does not issue a stand-alone report.

The Borough pays the cost of coverage for the retiree (excluding spousal and dependent child coverage) from the date of retirement until the participant is eligible for Medicare. The retiree receives the same medical, prescription drug, dental and vision coverage as received when they were an active employee, except retirees do not receive reimbursement for the first 50% of the deductible. The retiree may purchase spousal and dependent child coverage through the Borough and the retiree pays 100% of the cost.

The contribution requirements of the Borough are established and may be amended by Borough Council. Plan members are currently not required to contribute. The Borough is required to contribute at an actuarially determined rate. The current employer contribution rate is based on estimated health care costs. Macungie Borough currently uses the "pay-as-you-go" approach for funding its OPEB costs. The cost is reported in the year it was actually paid. The Borough pays healthcare premiums and costs with no additional contributions to pre-fund the postemployment benefits.

12. Fund Balances

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Projects Fund	Special Revenue Fund	Totals
Unassigned	$ 1,731,949	$ -	$ -	$ 1,731,949
Restricted	-	-	191,664	191,664
Assigned	184,926	1,000,519	-	1,185,445
Totals	$ 1,916,875	$ 1,000,519	$ 191,664	$ 3,109,058

13. Risk Management and Litigation

Risk Management

The Borough is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2025 and the two previous fiscal years, no settlements exceeded insurance coverage.

Litigation

The Borough is a defendant in BT Stone Hill, LP v. Borough of Macungie. The plaintiff alleges breach of contract related to the Stone Hill Meadows land development plan and seeks declaratory relief and monetary damages. The Borough had previously found the plaintiff in default for failing to complete the improvements required under the land development plan, and it has asserted a counterclaim on that basis. Mediation is scheduled for December 2026. Based on the advice of legal counsel, management expects the Borough's exposure in this matter to be limited primarily to litigation costs.

The Borough is also involved in other legal matters arising in the normal course of operations. Based on the advice of legal counsel, management does not expect these matters to materially affect the Borough's financial position. See Note 17 for litigation filed after December 31, 2025.

14. Commitments and Contingencies

Federal and State Grants

The Borough receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Borough's management, such disallowances, if any, will not be significant to the Borough's basic purpose financial statements.

Compensated Absences

The Borough of Macungie has not accrued compensated absences because the Borough has elected to report its financial activities on the modified cash basis of accounting. However, employees of the Borough are entitled to paid vacation and sick days, depending on their length of service.

Insurance

The Borough is exposed to various risks of loss, including workers' compensation; property, casualty and public official liability; employee benefit administration; employment practice liability; and general liability claims. During the past four calendar years, there have not been any settlements that exceeded insurance coverage. The Borough is contingently liable to the extent any potential future judgment exceeds available insurance coverage.

14. Commitments and Contingencies (Continued)

Leases

The Borough leases three pieces of office equipment under multiple long-term lease agreements with monthly lease payments of $260, $48 and $103, respectively. The leases expire in April 2026, December 2026, and August 2029, respectively. Lease payments are recognized as expenditures when paid.

15. Deficit Net Position

The Refuse Fund, a major proprietary fund, reported a deficit net position of $17,571 as of December 31, 2025. The deficit resulted from transfers and payments to the General Fund for administrative costs incurred by the Borough on behalf of the Refuse Fund.

16. Change Within the Financial Reporting Entity

The Macungie Borough Authority was previously reported as a blended component unit (Water Fund). Because the Authority's governing board is not substantively the same as Borough Council and no other blending criterion is met, the Authority is discretely presented for the year ended December 31, 2025. The effects on beginning net position are shown below:

Reporting Unit	January 1, 2025, As Previously Reported	Change in Component Unit Presentation (Blended to Discrete	January 1, 2025, As Adjusted
Primary Government:			
Governmental Activities	$ 5,846,045	$ -	$ 5,846,045
Business-Type Activities	5,656,960	(2,151,399)	3,505,561
Total Primary Government	$ 11,503,005	$ (2,151,399)	$ 9,351,606
Enterprise Funds:			
Water Fund (Major)	$ 2,151,399	$ (2,151,399)	$ -
Sewer Fund (Major)	3,420,183	-	3,420,183
Refuse Fund (Major)	85,378	-	85,378
Total Enterprise Funds	$ 5,656,960	$ (2,151,399)	$ 3,505,561
Component Unit:			
Macungie Borough Authority	$ -	$ 2,151,399	$ 2,151,399

17. Subsequent Events

Management has evaluated events occurring after December 31, 2025, through November 9, 2026, the date the financial statements were available to be issued. Except as described below, no subsequent events were identified that require recognition or disclosure in the financial statements.

Litigation

After December 31, 2025, two lawsuits were filed against the Borough in the United States District Court:

- Two Borough police officers filed a complaint alleging violations of the First Amendment under 42 U.S.C. §1983, defamation, and violations of the Pennsylvania Sunshine Act.

- The Borough's former Borough Manager filed a complaint alleging unlawful removal, violations of the Pennsylvania Sunshine Act, denial of procedural due process, and First Amendment retaliation arising from the termination of his employment.

Both matters are in the early stages of discovery. Both matters are being defended by counsel engaged by the Borough's insurance carrier. Based on the advice of legal counsel, the outcome of these matters cannot be determined, and the Borough's potential exposure, if any, in excess of available insurance coverage cannot be estimated at this time. No amounts related to these matters have been recorded in the financial statements. See Note 13, Risk Management and Litigation, and Note 14, Commitments and Contingencies.

SUPPLEMENTARY INFORMATION

BOROUGH OF MACUNGIE
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES – MODIFIED CASH BASIS - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Original Budget	Final Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED				
Taxes	$ 2,011,393	$ 1,927,390	$ 1,927,390	$ 84,003
Licenses and Permits	44,717	42,300	42,300	2,417
Fines and Forfeitures	5,978	4,500	4,500	1,478
Interest and Rents	48,542	116,000	116,000	(67,458)
Intergovernmental Revenues	329,963	102,472	102,472	227,491
Charges for Services	38,329	66,978	66,978	(28,649)
Other Revenues	96,766	26,250	26,250	70,516
Total Revenues Received	$ 2,575,688	$ 2,285,890	$ 2,285,890	$ 289,798
EXPENDITURES PAID				
General Government	$ 584,506	$ 519,017	$ 519,017	$ (65,489)
Public Safety	1,233,392	1,303,821	1,303,821	70,429
Public Works - Highways and Streets	441,166	322,431	322,431	(118,735)
Culture and Recreation	87,501	39,360	39,360	(48,141)
Principal	73,217	73,217	73,217	-
Interest	7,222	6,974	6,974	(248)
Payment to Component Unit	5,000	-	-	(5,000)
Total Expenditures Paid	2,432,004	2,264,820	2,264,820	(167,184)
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	143,684	21,070	21,070	122,614
Other Financing Sources (Uses)				
Transfers In	445,930	-	-	445,930
Transfers Out	(37,513)	(37,513)	(37,513)	-
Total Other Financing Sources (Uses), Net	408,417	(37,513)	(37,513)	445,930
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	552,101	(16,443)	(16,443)	568,544
FUND BALANCE - JANUARY 1, 2025	1,364,774	1,364,774	1,364,774	-
FUND BALANCE - DECEMBER 31, 2025	$ 1,916,875	$ 1,348,331	$ 1,348,331	$ 568,544

See independent auditor's report on supplementary information.

BOROUGH OF MACUNGIE
SCHEDULE OF BOROUGH CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2016	$ 54,499	$ 54,499	$ -	$ 373,666	14.58%
2017	64,754	64,754	-	343,754	18.84%
2018	37,399	37,399	-	350,916	10.66%
2019	29,000	29,000	-	273,494	10.60%
2020	21,301	21,301	-	283,278	7.52%
2021	16,950	16,950	-	220,842	7.68%
2022	19,853	19,853	-	180,000	11.03%
2023	20,063	20,063	-	182,522	10.99%
2024	56,268	56,268	-	186,480	30.17%
2025	57,278	57,278	-	199,552	28.70%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

BOROUGH OF MACUNGIE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability										
Service Cost	$ 67,418	$ 55,028	$ 57,779	$ 33,303	$ 34,968	$ 23,588	$ 26,501	$ 25,216	$ 26,476	$ 27,890
Interest	129,665	120,359	128,762	129,835	135,203	140,283	141,117	140,989	144,027	148,900
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Changes for Experience	-	(249,615)	-	(77,684)	-	(1,504)	-	(42,737)	-	(33,277)
Changes of Assumptions	-	-	-	-	-	101,118	-	-	-	52,644
Benefit Payments, Including Refunds of Member Contributions	(69,929)	(56,951)	(67,511)	(71,672)	(109,832)	(128,644)	(128,080)	(125,352)	(120,255)	(120,255)
Net Change in Total Pension Liability	127,154	(131,179)	119,030	13,782	60,339	134,841	39,538	(1,884)	50,248	75,902
Total Pension Liability - Beginning	1,756,034	1,883,188	1,752,009	1,871,039	1,884,821	1,945,160	2,080,001	2,119,539	2,117,655	2,167,903
Total Pension Liability - Ending	$ 1,883,188	$ 1,752,009	$ 1,871,039	$ 1,884,821	$ 1,945,160	$ 2,080,001	$ 2,119,539	$ 2,117,655	$ 2,167,903	$ 2,243,805
Plan Fiduciary Net Position										
Contributions - Employer and State Aid	$ 54,499	$ 64,754	$ 37,399	$ 29,001	$ 21,301	$ 16,950	$ 19,853	$ 20,063	$ 56,268	$ 57,278
Contributions - Member	18,454	17,899	14,354	14,334	11,417	8,894	9,254	9,549	10,137	10,965
Net Investment Income	75,211	220,914	(90,647)	288,855	203,600	281,424	(285,872)	256,428	226,268	301,556
Benefit Payments, Including Refunds of Member Contributions	(69,929)	(56,951)	(67,511)	(71,672)	(109,832)	(128,644)	(128,080)	(125,352)	(120,255)	(120,255)
Administrative Expense	(13,977)	(16,330)	(13,161)	(17,143)	(13,676)	(17,853)	(14,116)	(18,877)	(15,255)	(21,156)
Net Change in Plan Fiduciary Net Position	64,258	230,286	(119,566)	243,375	112,810	160,771	(398,961)	141,811	157,163	228,388
Plan Net Position - Beginning	1,620,349	1,684,607	1,914,893	1,795,327	2,038,702	2,151,512	2,312,283	1,913,322	2,055,133	2,212,296
Plan Net Position - Ending	$ 1,684,607	$ 1,914,893	$ 1,795,327	$ 2,038,702	$ 2,151,512	$ 2,312,283	$ 1,913,322	$ 2,055,133	$ 2,212,296	$ 2,440,684
Municipality's Net Pension Liability (Asset)	$ 198,581	$ (162,884)	$ 75,712	$ (153,881)	$ (206,352)	$ (232,282)	$ 206,217	$ 62,522	$ (44,393)	$ (196,879)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.46%	109.30%	95.95%	108.16%	110.61%	111.17%	90.27%	97.05%	102.05%	108.77%
Covered Employee Payroll	$ 373,666	$ 343,754	$ 350,916	$ 373,494	$ 283,278	$ 220,842	$ 180,000	$ 182,522	$ 186,480	$ 199,552
Municipality's Net Pension Liability (Asset) as a Percentage	53.14%	-47.38%	21.58%	-41.20%	-72.84%	-105.18%	114.57%	34.25%	-23.81%	-98.66%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

Actuarial Assumptions and Methods

A. Actuarial Assumptions

1) Interest Rate:	7.00% per year, compounded annually
2) Salary Scale:	5.00% per year, compounded annually
3) Disability:	None.
4) Termination:	None.
5) Mortality:	Pub-2010 General Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable).
6) Retirement:	Normal Retirement Age, or age on valuation date if greater.
7) Asset Valuation Method:	Fair Market Value.
8) Other – Expenses	Not applicable.
9) Other – Marital Status:	100% of participants are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.
10) Other – Form of Annuity:	50% Joint & Survivor Annuity.

B. Actuarial Cost Method

Entry Age Normal Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the Normal Cost. The portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is separately amortized over a fixed number of years.

See independent auditor's report on supplementary information.

BOROUGH OF MACUNGIE
SCHEDULE OF BOROUGH CONTRIBUTIONS -
UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2016	$ 68,218	$ 68,218	$ -	$ 322,632	21.14%
2017	67,784	67,784	-	295,552	22.93%
2018	60,513	60,513	-	292,000	20.72%
2019	64,770	64,770	-	270,000	23.99%
2020	68,066	68,066	-	285,578	23.83%
2021	70,187	70,187	-	300,000	23.40%
2022	76,392	76,392	-	300,000	25.46%
2023	72,540	72,540	-	276,000	26.28%
2024	128,694	128,694	-	394,660	32.61%
2025	142,099	142,099	-	460,000	30.89%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

BOROUGH OF MACUNGIE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability										
Service Cost	$ 59,320	$ 52,088	$ 54,692	$ 57,245	$ 60,107	$ 64,962	$ 70,109	$ 83,966	$ 88,165	$ 123,325
Interest	84,421	81,936	88,978	96,283	104,757	112,895	117,525	123,610	135,287	149,205
Changes of Benefit Terms	-	-	-	-	-	-	250,759	-	-	-
Changes for Experience	-	(128,955)	-	(5,973)	-	(49,482)	-	(303,444)	-	(36,317)
Changes of Assumptions	-	-	-	-	-	87,118	-	-	-	51,194
Benefit Payments, Including Refunds of Member Contributions	(44,150)	(39,499)	(39,499)	(39,499)	(39,499)	(39,499)	(54,015)	(42,025)	(39,499)	(39,499)
Net Change in Total Pension Liability	99,591	(34,430)	104,171	108,056	125,365	175,994	384,378	(137,893)	183,953	247,908
Total Pension Liability - Beginning	1,127,184	1,226,775	1,192,345	1,296,516	1,404,572	1,529,937	1,705,931	2,090,309	1,952,416	2,136,369
Total Pension Liability - Ending	$ 1,226,775	$ 1,192,345	$ 1,296,516	$ 1,404,572	$ 1,529,937	$ 1,705,931	$ 2,090,309	$ 1,952,416	$ 2,136,369	$ 2,384,277
Plan Fiduciary Net Position										
Contributions - Employer and State Aid	$ 68,218	$ 67,784	$ 60,513	$ 64,770	$ 68,066	$ 70,187	$ 76,392	$ 72,540	$ 128,694	$ 142,099
Contributions - Member	9,485	8,210	7,564	8,749	7,867	8,905	10,171	16,866	17,825	21,769
Net Investment Income	43,065	129,019	(55,033)	178,807	139,093	195,192	(207,679)	207,540	194,785	282,709
Benefit Payments, Including Refunds of Member Contributions	(44,150)	(39,499)	(39,499)	(39,499)	(39,499)	(39,499)	(54,015)	(42,025)	(39,499)	(39,499)
Administrative Expense	(10,059)	(12,397)	(9,454)	(13,086)	(10,113)	(14,345)	(11,353)	(16,412)	(13,721)	(20,092)
Net Change in Plan Fiduciary Net Position	66,559	153,117	(35,909)	199,741	165,414	220,440	(186,484)	238,509	288,084	386,986
Plan Net Position - Beginning	917,208	983,767	1,136,884	1,100,975	1,300,716	1,466,130	1,686,570	1,500,086	1,738,595	2,026,679
Plan Net Position - Ending	$ 983,767	$ 1,136,884	$ 1,100,975	$ 1,300,716	$ 1,466,130	$ 1,686,570	$ 1,500,086	$ 1,738,595	$ 2,026,679	$ 2,413,665
Municipality's Net Pension Liability (Asset)	$ 243,008	$ 55,461	$ 195,541	$ 103,856	$ 63,807	$ 19,361	$ 590,223	$ 213,821	$ 109,690	$ (29,388)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.19%	95.35%	84.92%	92.61%	95.83%	98.87%	71.76%	89.05%	94.87%	101.23%
Covered Employee Payroll	$ 322,632	$ 295,552	$ 292,000	$ 270,000	$ 285,578	$ 300,000	$ 300,000	$ 276,000	$ 394,660	$ 460,000
Municipality's Net Pension Liability (Asset) as a Percentage	75.32%	18.77%	66.97%	38.47%	22.34%	6.45%	196.74%	77.47%	27.79%	-6.39%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

Actuarial Assumptions and Methods

A. Actuarial Assumptions

1) Interest Rate:	7.00% per year, compounded annually.
2) Salary Scale:	5.00% per year, compounded annually.
3) Disability:	100% of the rates of disablement from Advanced Pension Tables.
4) Termination:	None.
5) Mortality:	Pub-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected to 2030 using Mortality Improvement Scale MP-2021.
6) Retirement:	Normal Retirement Age, or age on valuation date if greater.
7) Asset Valuation Method:	The Actuarial Value of Assets is equal to the Market Value of Assets as of the valuation date.
8) Other - Expenses	The average of the prior year's expenses and the estimated expenses for the current year ($16,011).
9) Other – Marital Status:	100% of participants are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.
10) Other – COLA:	A 2.50% COLA is applied to officers who retire after January 1, 2022 beginning at age 63 to take into account future full cost-of-living adjustments.
11) Other – Form of Annuity:	50% Joint & Survivor Annuity.

B. Actuarial Cost Method

Entry Age Normal Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the Normal Cost. The portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is separately amortized over a fixed number of years.

See independent auditor's report on supplementary information.

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INDEPENDENT AUDITOR'S 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*

Members of Borough Council
Borough of Macungie
Macungie, PA

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 Borough of Macungie, which comprise the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December 31, 2025, and the related notes to the financial statements, which collectively comprise Borough of Macungie's basic financial statements, and have issued our report thereon dated November 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Macungie'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 Borough of Macungie's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough of Macungie'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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We did identify deficiencies in internal control that we consider to be significant deficiencies:

Maintaining Timesheets

During payroll testing, the Borough was unable to provide signed timesheets or other documented time records for certain employees for selected pay periods. As a result, the Borough does not have complete documentation to demonstrate that payroll disbursements for these employees were based on hours worked and properly authorized. This weakness increases the risk that payroll errors or irregularities could occur and go undetected.

Management's response and corrective action plan: Management concurs with this finding. Historically, certain salaried and long-tenured employees were not required to complete timesheets. Effective immediately, the Borough will require all employees, including salaried staff, to complete and submit biweekly timesheets. Department heads will be responsible for reviewing and approving timesheets, and payroll will not be processed unless an approved timesheet is on file. Management expects to fully implement this process during 2026 and will perform periodic internal reviews to monitor ongoing compliance.

Unused Vacation Payout

During payroll and leave balance testing, we noted that unused vacation was paid out in a lump sum to certain employees. The Borough's written leave policies limit vacation payout to a maximum of two weeks; however, in the instances noted, employees were paid out for more than the two-week maximum. In addition, the Borough's written leave policies do not clearly specify the level of approval required for such payments. In the absence of clear written policies and documented approval for lump-sum vacation payouts to individuals in key management roles, there is an increased risk of inconsistent benefit administration, perceived inequity, and payments that are not aligned with the Borough's intent.

Management's response and corrective action plan: Management concurs with this finding. Historically, the Borough has, on a limited basis, paid out unused vacation to certain management-level employees based on past practice rather than a formally documented policy. Management will work with those charged with governance to (1) revise and clarify the Borough's vacation and leave policies to address whether, when, and to what extent unused vacation may be paid out, including adherence to the existing two-week maximum (or any revised limit), and (2) establish approval procedures for such payments, including how any exceptions, if permitted, must be approved and documented in the personnel or payroll records. Management expects to fully implement this process during 2026.

Inadequate Segregation of Duties

Because of the Borough's limited staff, adequate segregation of duties within the accounting function does not exist. Limited personnel resources prevent the Borough from establishing a proper separation of accounting responsibilities. This condition increases the risk of misappropriation of assets. The Borough should evaluate whether it would be cost beneficial to hire additional personnel to improve segregation of duties within the accounting function. We also recommend that the Borough Board remain closely involved in the Borough's financial operations.

Management's response and corrective action plan: Management is aware that limited staffing results in inadequate segregation of duties. Accordingly, the members of the Borough Board will continue to remain closely involved in the Borough's financial operations.

Significant deficiencies (Continued):

Invoices not Date-Stamped or Documented as Approved Prior to Payment

Our testing of disbursements disclosed that certain invoices were not date-stamped upon receipt and did not contain evidence of review or approval by an authorized official before payment. The lack of documented receipt dates and approvals weakens the audit trail supporting that expenditures were properly authorized, timely processed, and recorded in the appropriate period, and increases the risk of duplicate, late, or otherwise improper payments.

Management's response and corrective action plan: Management concurs with this finding. Although invoices are reviewed before payment, the Borough has not consistently documented that review on the face of the invoice. The Borough will implement a standardized procedure requiring staff to date-stamp all invoices upon receipt and document approval by initialing and dating each invoice, or by using an electronic approval in the accounting system, before payment. Any invoice lacking documented approval will be returned to the department responsible for completion. Management expects to fully implement this process during 2026.

Water and Sewer Billing Registers

The Borough did not retain all detailed water and sewer billing registers for 2025. Management indicated that these records were not archived when the Borough converted to a new billing system during the year. The absence of these billing registers reduces the documentation available to support billed revenues for the affected periods and limits the Borough's ability to investigate billing disputes or demonstrate that all billings were complete and accurate.

Management's response and corrective action plan: Management concurs with this finding. During the transition to the new utility billing system, historical quarterly billing registers were not properly archived from the legacy system. The Borough has since consulted with its software vendors and determined that the missing detail cannot be fully reconstructed. To prevent recurrence, the Borough will adopt a formal records retention and backup procedure for utility billing data, including (1) periodic exports of billing registers and key reports to secure storage, (2) verification that backups are complete and retrievable before any future system changes, and (3) assignment of responsibility for monitoring compliance with the retention schedule.

Late Filing of Compliance Report

During our audit, we noted that the MS-965 *Actual Use Report of State Funds* filing required by the Pennsylvania Department of Transportation (PennDOT) was not submitted by the required January 31, 2026 deadline. Failure to file the report on time may result in a delay of future liquid fuels funding allocations. Additionally, a delay in funding would also result in potentially missed interest income earnings which can also be used for road maintenance and repairs. We recommend that management implement a formal compliance calendar or checklist that includes all annual and periodic filing requirements.

Management's response and corrective action plan: Management agrees with the recommendation. A compliance tracking tool will be created to ensure timely preparation and submission of required reports. The Borough Manager will assume responsibility for oversight of this process to ensure future deadlines are met.

Significant deficiencies (Continued):

Permit Applications Not Maintained

During our testing of permit revenues, the Borough was unable to provide all permit applications selected for testing. As a result, the Borough does not have complete documentation to support that permits issued were properly applied for, reviewed, approved, billed, and recorded in the appropriate period. The absence of complete permit application records weakens the audit trail supporting permit revenues and increases the risk that permit activity may be incomplete, inaccurately recorded, or not processed in accordance with Borough procedures. We recommend that the Borough implement formal procedures to maintain permit applications and related supporting documentation in a centralized location, whether in paper or electronic form, and periodically review permit files to verify that required documentation is retained.

Management's response and corrective action plan: Management concurs with this finding. The Borough will implement procedures requiring all permit applications and related supporting documentation to be retained in a centralized permit file, either electronically or in hard copy. Staff responsible for permit processing will be required to verify that each permit file contains the application, approval documentation, fee calculation, and evidence of payment, as applicable. Management will also perform periodic internal reviews of permit files to monitor compliance with the retention procedures. Management expects to fully implement this process during 2026.

Borough of Macungie's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Borough of Macungie's response to the findings identified in the above paragraph. Borough of Macungie'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Borough of Macungie'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 determination of financial statement amounts. 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*.

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 Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Campbell, Reppold & Yurasits LLP

November 9, 2026

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Monthly Report for October 2026
Macungie Borough

Call Volume

The Macungie Ambulance Corps responded to 450 calls for service this month.

24 of those calls were in Macungie Borough

While we were busy on other calls, our mutual aid partners responded to 4 calls for assistance in the Borough this month.

Other Points of Interest

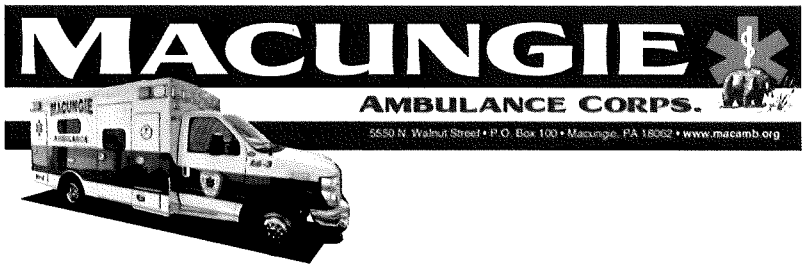
Sending a huge shout-out and thank you to LOWES for donating materials and sending volunteers repaint our entire first floor!

It has been quite the project!





Reminder: Our annual subscription drive has been sent to the community. Please urge community members to donate if they are able! Subscriptions can be completed online!



2027 Ambulance Subscription

"Committed to Caring"

ALLIED PERSONNEL SERVICES

CLIENT SERVICE AGREEMENT

We appreciate the opportunity to be of service to you. Please read the following Terms and Conditions for our mutual advantage and protection:

1. Your authorized signature on timesheets and/or submission of hours worked in electronic format certifies that the hours worked as indicated are true and correct and that the work was performed in a satisfactory manner. Invoices for charges will be paid to Allied Personnel Services within ten (10) days of receipt of invoice. For accounts with invoices thirty (30) days or more past due Customer agrees to pay finance charges of 1.5% per month (18% annum) and reasonable attorney's fees for collections.
2. The services to be performed by Personnel provided by Allied will be performed under the direction, supervision and control of Customer. It is understood that Allied employees are assigned on the basis of a particular job classification. Customer shall not change the duties of an Allied employee without Allied's prior written approval. If an Allied employee is injured outside the scope of the approved job description, Customer shall indemnify and hold Allied harmless from and against any and all claims, suits and/or damages.
3. Allied employees shall not handle or be entrusted with cash, securities or other valuables without prior written permission from Allied in each instance. Allied employees shall not operate machinery or motor vehicles without prior written permission from Allied in each instance. Customer accepts full responsibility for bodily injury, property damage, fire, theft, collision or any physical loss or damage caused by, and any claims arising from an Allied employee operating Customer owned or leased motor vehicle or machinery.
4. Allied incurs substantial costs to recruit, evaluate, interview, screen and train its employees. Therefore, in consideration of these services, in the event Customer wishes to hire an Allied employee, the Customer agrees to either (a) keep the employee on Allied's payroll for a total of seven hundred twenty (720) hours AND pay Allied the sum of One Thousand Five Hundred Dollars ($1500) or (b) keep the employee on Allied's payroll for three hundred sixty (360) hours AND pay Allied the sum of Five Thousand Dollars ($5000) or (c) pay a direct hire placement fee equal to 25% of the referred employee's first year gross salary, including commissions and bonuses.
5. Customer agrees not to directly or indirectly cause or permit any Allied employee assigned to Customer by Allied to perform services for Customer while on the payroll of any person or firm other than Allied during the term of the employee's assignment to Customer and for 6 (six) months after such assignment ends. Customer agrees to pay Allied liquidated damages in the amount of Five Thousand Dollars ($5000) if the terms of this paragraph are violated.
6. Allied agrees to indemnify and hold harmless Customer and any of its officers, employees or agents from and against any claim, demand or judgment arising out of any acts or omissions of Allied or its officers, employees or agents.
7. Customer agrees to indemnify and hold harmless Allied and any of its officers, employees or agents from and against any claim, demand or judgment arising out of any acts or omissions of Customer or its officers, employees or agents.
8. Customer will comply with all applicable federal, State and local laws and regulations, including but not limited to: anti-discrimination laws, The Fair Labor Standards Act, and the Occupational Safety and Health Act, and will indemnify and hold Allied harmless from and against any claims, demands, suits, losses, damages, judgments, costs and expenses arising out of any non-compliance or alleged non- compliance by Customer with any such laws or regulations.

Your signature below indicates that you understand and agree to these terms and conditions. It also serves as the authorized signature on any facsimile or electronic transmittals of time cards by a company agent in the event that there is no signature on the time card.

Company _____

Customer Signature: _____ Title: _____

Print Name: _____ Date: _____