

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Moody's: "Aaa" (Underlying)
(See "RATING" herein)

In the opinion of Bond Counsel, assuming compliance with certain covenants of the Township, interest on the Bonds will be excluded from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code") for purposes of determining the federal individual alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For further information relating to federal and state tax matters relative to the Bonds, see "TAX MATTERS" herein.

\$12,000,000*
TOWNSHIP OF WILLISTOWN
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2025

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

Principal Due: As Shown On Inside Cover
First Interest Payment: December 15, 2025

The General Obligation Bonds, Series of 2025 described herein are in the aggregate principal amount of \$12,000,000* (the "Bonds"), when issued, will be in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Township of Willistown, Chester County, Pennsylvania (the "Township"), payable from its tax and other general revenues. The Township has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds. For such budgeting, appropriation, and payment the Township irrevocably has pledged its full faith, credit and available taxing power (See "SECURITY" *infra*).

Interest on each of the Bonds is payable initially on December 15, 2025, and thereafter semiannually on June 15 and December 15 of each year until the maturity date of such Bond or if redeemable, until redeemed. The Township has appointed U.S. Bank Trust Company, National Association (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Philadelphia, Pennsylvania, (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

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

Proceeds of the Bonds will be used for the purpose of providing funds for a capital project consisting of the development and design of a property for use as the township's new public works facility, fund the township's sewer improvement program, fund a deposit to a capitalized interest fund and to pay the costs of issuing the Bonds.

MATURITIES, AMOUNTS, RATES AND YIELDS
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Lamb McErlane PC, West Chester, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the Township by Lamb McErlane, P.C., West Chester, Pennsylvania, Township Solicitor. It is expected that the Bonds will be available for delivery through DTC, on or about _____, 2025.



Dated: _____

*Estimated, subject to change

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

\$12,000,000*
TOWNSHIP OF WILLISTOWN
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2025

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

Principal Due: December 15
First Interest Payment: December 15, 2025

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

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

*Estimated, subject to change.

TOWNSHIP OF WILLISTOWN

Chester County, Pennsylvania

TOWNSHIP ADDRESS

688 Sugartown Road
Malvern, PA 19355

TOWNSHIP BOARD OF SUPERVISORS

<u>Name</u>	<u>Office</u>
Robert T. Lange	Chair
Molly H. B. Perrin	Vice Chair
William R. Shoemaker	Member

TOWNSHIP MANAGER

Shanna Lodge

TOWNSHIP FINANCE DIRECTOR

Martin McKenzie

SOLICITOR

Lamb McErlane PC
West Chester, Pennsylvania

BOND COUNSEL

Lamb McErlane PC
West Chester, Pennsylvania

PAYING AGENT

U.S. Bank Trust Company, National Association
Philadelphia, Pennsylvania

UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED
Conshohocken, Pennsylvania

No dealer, broker, salesman or other person has been authorized by the Township to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Township and from other sources which are believed to be reliable but the Township does not guarantee the accuracy or completeness of information from sources other than the Township. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Township since the date of this Preliminary Official Statement.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside front cover hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER SECURITIES REGULATOR. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES REGULATOR HAS PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

The Township has previously provided the Underwriter with a copy of its Preliminary Official Statement dated June 18, 2025; the Preliminary Official Statement was “deemed final” for the purposes of SEC Rule 15c2-12(b)(1).

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
<p>INTRODUCTION.....1</p> <p>PURPOSE OF THE ISSUE.....1</p> <p style="padding-left: 20px;">Estimated Sources and Uses of Bond Proceeds.....1</p> <p>THE BONDS.....1</p> <p style="padding-left: 20px;">Description1</p> <p style="padding-left: 20px;">Payment of Principal and Interest2</p> <p style="padding-left: 20px;">Transfer, Exchange and Registration of Bonds2</p> <p>BOOK-ENTRY ONLY SYSTEM.....2</p> <p>SECURITY4</p> <p style="padding-left: 20px;">General Obligation Pledge4</p> <p style="padding-left: 20px;">Sinking Fund4</p> <p style="padding-left: 20px;">Actions in the Event of Default on the Bonds4</p> <p>REDEMPTION OF BONDS5</p> <p style="padding-left: 20px;">Mandatory Redemption5</p> <p style="padding-left: 20px;">Optional Redemption5</p> <p style="padding-left: 20px;">Notice of Redemption5</p> <p style="padding-left: 20px;">Manner of Redemption.....5</p> <p>DEFAULTS AND REMEDIES.....6</p> <p style="padding-left: 20px;">Debt Act Provisions6</p> <p>LIMITATIONS ON REMEDIES6</p> <p>THE TOWNSHIP.....7</p> <p style="padding-left: 20px;">Introduction7</p> <p>TOWNSHIP FINANCES7</p> <p style="padding-left: 20px;">Budget Process7</p> <p style="padding-left: 20px;">Financial Reporting7</p> <p style="padding-left: 20px;">Summary and Discussion of Financial Results.....7</p> <p>TAXING POWERS.....11</p> <p style="padding-left: 20px;">Real Property Tax.....12</p> <p style="padding-left: 20px;">Non-Real Estate Taxes13</p> <p>DEPT AND DEPT LIMITS.....14</p> <p style="padding-left: 20px;">Debt Statement14</p> <p style="padding-left: 20px;">Types of Indebtedness under the Debt Act.....15</p> <p style="padding-left: 20px;">Dept LLimit and Remaining Borrowing Capicity.....15</p> <p style="padding-left: 20px;">Debt Service Requirements.....16</p> <p>FUTURE FINANCING.....16</p> <p>LABOR RELATIONS16</p>	<p>Township Employees16</p> <p>Township Pension Plan16</p> <p>Other Post Employment Benefits17</p> <p>MUNICIPAL BANKRUPTCY LAW17</p> <p>TAX MATTERS.....17</p> <p>BONDHOLDER CONSIDERATIONS18</p> <p style="padding-left: 20px;">Enforcement of Remedies.....18</p> <p style="padding-left: 20px;">No Assurance of Secondary Market for the Bonds18</p> <p style="padding-left: 20px;">Economic Factors Affecting the Financial Condition of the Township18</p> <p style="padding-left: 20px;">Uncertainty of Tax Revenues.....18</p> <p style="padding-left: 20px;">Public Health Emergencies Could Negatively Affect the Township’s Operations18</p> <p style="padding-left: 20px;">Cybersecurity19</p> <p style="padding-left: 20px;">Risk of Audit by Internal Revenue Service19</p> <p>LITIGATION19</p> <p>CONTINUING DISCLOSURE UNDERTAKING.....19</p> <p style="padding-left: 20px;">Existing Continuing Disclosure Filing History.....19</p> <p>RATING.....20</p> <p>UNDERWRITING.....20</p> <p>LEGAL OPINION21</p> <p>MISCELLANEOUS21</p> <p>APPENDIX A- DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE TOWNSHIP OF WILLISTOWN</p> <p style="padding-left: 20px;">Population A-1</p> <p style="padding-left: 20px;">Employment A-1</p> <p style="padding-left: 20px;">Income..... A-3</p> <p style="padding-left: 20px;">Industry..... A-3</p> <p style="padding-left: 20px;">Housing A-3</p> <p style="padding-left: 20px;">Transportation Facilities A-3</p> <p style="padding-left: 20px;">Medical Facilities A-4</p> <p style="padding-left: 20px;">Educational Institutions A-4</p> <p>APPENDIX B -FORM OF BOND COUNSEL OPINION</p> <p>APPENDIX C- TOWNSHIP OF WILLISTOWN FINANCIAL STATEMENTS DECEMBER 31, 2023</p> <p>APPENDIX D- FORM OF CONTINUING DISCLOSURE CERTIFICATE</p>

[THIS PAGE INTENTIONALLY LEFT BLANK]

PRELIMINARY OFFICIAL STATEMENT

\$12,000,000*

TOWNSHIP OF WILLISTOWN

(Chester County, Pennsylvania)

General Obligation Bonds, Series of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by the Township of Willistown, Chester County, Pennsylvania (the "Township"), in connection with the offering of its \$12,000,000* aggregate principal amount of its General Obligation Bonds, Series of 2025 (the "Bonds"), dated the date of their delivery (the "Delivery Date"). The Bonds are being issued pursuant to an Ordinance of the Township enacted on June 16, 2025 (the "Ordinance"), and pursuant to the Local Government Unit Debt Act, as amended, of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

The approval of the Department of Community and Economic Development (the "Department") of the Commonwealth of Pennsylvania (the "Commonwealth") for the Township is to issue and deliver the Bonds will have been duly given pursuant to to the Act; all acts, conditions and the Bonds or in the creation of the debt of which any Bond is evidence, exist, will have happened, and will have been performed in regular and due form and manner as required by law; the Bonds, together with all of the indebtedness of the Township, will be within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; and the Township will have established with U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania, or its designee, as the paying agent, transfer agent, bond registrar, and sinking fund depository for the Bonds, a Sinking Fund for the Bonds, as defined herein, and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable. (See "THE BONDS" herein).

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for the purpose of providing funds for a capital project consisting of the development and design of a property for use as the township's new public works facility, fund the township's sewer improvement program, fund a deposit to a capitalized interest fund and to pay the costs of issuing the Bonds.

Estimated Sources and Uses of Bond Proceeds

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

<u>SOURCE OF FUNDS</u>	<u>SERIES 2025 BONDS</u>
Par Amount of the Bonds	\$
Plus/Less: Net Original Issue Premium / Discount	
TOTAL SOURCES OF FUNDS	\$
<u>USE OF FUNDS</u>	
Deposit to Project Fund	\$
Deposit to Capitalized Interest Fund	
Costs of Issuance ⁽¹⁾	
TOTAL USES OF FUNDS	\$

⁽¹⁾ Includes underwriter's discount, legal, printing, rating, paying agent, CUSIP, and miscellaneous fees.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, will be in the aggregate principal amount of \$12,000,000*, will be dated the Delivery Date and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially December 15, 2025, and thereafter, semiannually on June 15 and December 15 of each year, until the principal sum is paid. Interest shall be computed on the basis of a 30-day month and a 360-day year.

*Estimated, subject to change.

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

Payment of Principal and Interest

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

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

The principal of the Bonds, when due upon maturity or upon redemption will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to U.S. Bank Trust Company, National Association, as paying agent and sinking fund depository for the Bonds, at its designated corporate trust office in Philadelphia, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding December 15, 2025, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially December 15, 2025, and thereafter, semiannually on June 15 and December 15 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Township shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than ten (10) days preceding such special record date but not more than thirty (30) days. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

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

If Bonds shall be subject to optional redemption or mandatory redemption prior to stated maturity, the Township and the Paying Agent shall not be required to issue or register the transfer of or exchange any of the Bonds then considered for redemption during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption, as hereinafter provided, or to register the transfer of or exchange any portion of any of the Bonds selected for redemption until after the redemption date.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender Agent's DTC account.

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

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

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

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

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

SECURITY

General Obligation Pledge

The Bonds will be general obligations of the Township, payable from its tax and other general revenues. The Township has covenanted in the Ordinance, that it shall do the following: (1) include the amount of debt service for the Bonds for each fiscal year in which such sums are payable in its budget for that year, (2) appropriate those amounts from its general revenues for the payment of such debt service, and (3) duly and punctually pay or cause to be paid from the Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of and interest on each of the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of the Bonds, the Township, under the Ordinance, has pledged its full faith, credit and taxing power. Under the provisions of the Pennsylvania Second Class Township Code, as presently enacted and construed, the Township has the power to levy an annual ad valorem tax on all taxable real property within the Township, presently without limitation as to rate or amount, for the purpose of paying debt service when due on the Bonds.

Sinking Fund

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

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

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

Actions in the Event of Default on the Bonds

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

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on December 15, ____, December 15, ____, December 15, ____, and December 15, ____ are subject to mandatory redemption prior to maturity as required by the Ordinance, in the amounts and on December 1 of the years shown below, from moneys in the mandatory sinking fund established under the Ordinance, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Term Bonds Maturing December 15, 20__			Term Bonds Maturing December 15, 20__		
Year	Amount	\$	Year	Amount	\$
*			*		

Term Bonds Maturing December 15, 20__			Term Bonds Maturing December 15, 20__		
Year	Amount	\$	Year	Amount	\$
*			*		

*Term Bond Maturity

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

Optional Redemption

The Bonds stated to mature on or after December 15, ____, shall be subject to redemption prior to maturity, at the option of the Township, as a whole, on _____, or on any date thereafter, or from time to time, in part (and if in part, of any order of maturity as selected by the Township and within a maturity by lot), on _____, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be deposited in first class mail not less than 30 days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of any Bonds called for redemption.

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

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

Manner of Redemption

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

DEFAULTS AND REMEDIES

Debt Act Provisions

Failure to Budget Debt Service. The Debt Act provides that if the Township fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in respect of the Bonds in that year or fails to appropriate or pay the moneys necessary in that year for the payment of the interest on or principal of the Bonds as the same becomes due and payable, then at the suit of any holder of Bonds or of any taxpayer of the Township, the court of common pleas shall, after hearing held upon such notice to the Township as the court may direct and, upon a finding of such failure or neglect, by order of mandamus direct the treasurer of the Township to pay into the sinking fund for the Bonds and the sinking fund for each other series of bonds and notes then outstanding (and payable out of the taxes and general revenues of the Township), the first tax moneys or other available revenues or moneys thereafter received in the fiscal year by the treasurer, equally and ratably for each series for which provision has not been made in proportion to debt service for the year on each series then outstanding. Under the terms of the Debt Act, any priority on incoming tax moneys accorded to a separate sinking fund for any outstanding tax anticipation notes shall not be affected by the foregoing until the sum on deposit in each sinking fund equals the moneys that should have been budgeted or appropriated for each series.

Failure to Pay Principal or Interest. The Debt Act further provides that if the Township fails or neglects to pay the interest or principal on any of the Bonds as the same becomes due, whether at the stated maturity date or upon an unrevoked call for prior redemption, and the failure continues for 30 days, the holder thereof may, subject to certain priorities afforded to the security for tax anticipation notes and for remedies for the failure to budget for debt service, the rights of a trustee appointed to represent bondholders, and any limitations upon individual rights of action properly provided in the bond ordinance or any indenture, recover the amount due in an action of assumpsit in the court of common pleas. Any judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the Township.

Trustee for Bondholders. If the Township defaults in the payment of the principal of or interest on the Bonds after the same becomes due, whether at the stated maturity date or upon call for prior redemption, and the default continues for 30 days, or if the Township fails to comply with any provision of the Bonds or any provision in the Ordinance, the holders of 25% in aggregate principal amount of the Bonds then outstanding, by appropriate instrument duly filed in accordance with the requirements of the Debt Act, may appoint a trustee, which may be the Paying Agent, to represent the holders of all of the Bonds. In accordance with the Debt Act, such trustee may, and upon written request of the owners of 25% in principal amount of the Bonds and upon being furnished with indemnity satisfactory to it, shall, in his or its own name, take one or more of the following actions, and the taking of such action shall preclude similar action whether previously or subsequently initiated by individual holders of Bonds: (1) bring suit to enforce all rights of the holders of the Bonds, (2) bring suit on the Bonds, (3) petition the court to levy an assessment on real estate subject to *ad valorem* taxation by the Township for the amount due on the Bonds, which the trustee may collect or cause the Township to collect, as by a foreclosure or a mortgage or security interest on the realty if not paid on demand, (4) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of holders of the Bonds, and (5) after 30 days' prior written notice to the Township and subject to any limitations in the Ordinance, declare the unpaid principal of the Bonds to be immediately due and payable with interest at the rate or rates stated in the Bonds until final payment. If all defaults are made good, the trustee may annul the declaration and its consequences. Any assessment levied pursuant to the provisions described in clause (3) of the preceding sentence shall have the same priority and preference as to other liens or mortgages on the real estate or security interests in fixtures thereon or other property as a lien for unpaid taxes, but the court of common pleas in cases of extreme hardship may provide for the payment of sums levied in five or fewer annual installments with interest at a rate sufficient to cover the interest accruing on the Bonds.

Additional Remedies and Qualifications Thereon. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

LIMITATIONS ON REMEDIES

The Pennsylvania Municipalities Financial Recovery Act, Act No. 1987-47, as amended and supplemented ("Act 47"), became effective on September 8, 1987. Under Act 47, upon a determination that a municipality is financially distressed (one indication of which is a default in the payment of principal or interest on any bonds or notes of the municipality), the Secretary of the Pennsylvania Department of Community and Economic Development shall appoint a coordinator who shall prepare a plan for alleviating the municipality's financial distress. All creditors are entitled to notice of the plan's adoption by the municipality's governing body. The intent of Act 47 is to provide for the adjustment of municipal debt by negotiated agreement with creditors. The plan, however, may recommend that the municipality file for relief under Chapter 9 of the United States Bankruptcy Code. The municipality's governing body is also authorized, subject to certain preconditions, including insolvency or an inability to meet its debts, to independently file for bankruptcy. The Township has not been designated an Act 47 municipality.

Under the provisions of Chapter 9 of the United States Bankruptcy Code, a bankruptcy filing by a municipality will operate as an automatic stay of the commencement or continuation of any judicial, administrative or other action or proceeding that seeks to enforce a claim against the municipality and the enforcement of a lien on or arising out of taxes or assessments owed to the municipality. Such a filing does not operate as a stay of the application of pledged special revenues (defined by the Bankruptcy Code to include such as receipts from projects or systems primarily used or intended to be used primarily to provide transportation, utility or other services; special excise taxes; incremental tax receipts, in the case of tax increment financing; other revenues or receipts derived from particular functions of the municipality; and taxes specifically levied to finance one or more projects or systems, excluding general property, sales or income taxes (other than tax-increment financing) levied to finance the general purposes of the municipality) to payment of indebtedness secured by such revenues. The municipality is required to file a plan for the adjustment of its debts with the bankruptcy court and may modify such plan any

time before confirmation. The bankruptcy court may confirm the plan if it complies with the provisions of the Bankruptcy Code and, among other things, the plan is found to be in the best interest of creditors and feasible. A plan for the adjustment of debt filed by a municipality in such a proceeding in bankruptcy could include provisions modifying or altering the rights of creditors, including holders of bonds or notes issued or guaranteed by the municipality. Unless the municipality consents or the plan so provides, the bankruptcy court has no power to interfere, and may not interfere, with any of the political or governmental powers of the municipality, any property or revenues of the municipality or the municipality's use or enjoyment of any income-producing property. The provisions of a confirmed plan bind the municipality and any creditor, whether or not a proof of such creditor's claim is filed or deemed filed under the provisions of the Bankruptcy Code, such claim is allowed, or the creditor has accepted the plan. The municipality is discharged from all debts as of the time when the plan is confirmed, the municipality deposits any consideration to be distributed under the plan with a disbursing agent appointed by the court, and the court has determined that any security so deposited will constitute, after distribution, a valid legal obligation of the municipality and that any provision made to pay or secure payment of such obligation is valid. The municipality is not discharged under the Bankruptcy Code from any debt excepted from discharge by the plan or the court order confirming the plan or owed to an entity that, before confirmation of the plan, had neither notice nor actual knowledge of the case.

The above references to the Federal Bankruptcy Code and Act 47 are not to be construed as an indication that the Township expects to resort to the provisions of such laws or that, if it did, any proposed plan or plans would include a dilution of the sources of payment of and security for the payment of the Bonds.

THE TOWNSHIP

Introduction

The Township's governing body is the Board of Supervisors, which consists of three members. Each member of the Board of Supervisors is elected at large to staggered six-year terms. The Township Manager, appointed by the Board of Supervisors, administers the daily operations of the Township.

The Township's business address is 688 Sugartown Road, Malvern, Pennsylvania 19355.

The Township covers a land area of approximately 18 square miles and is approximately 20 miles west of center city Philadelphia. The Township is bounded by the Townships of Easttown, East Goshen, Newtown, Westtown, East Whiteland, and Tredyffrin, and the Borough of Malvern, all located in Chester County.

TOWNSHIP FINANCES

Budget Process

The Township budgets and expends funds according to procedures mandated by the Second-Class Township Code.

The Township's process for establishing its annual operating budget involves the Township Manager submitting the budget to the Board of Supervisors for approval and adoption.

The budgetary process consists of the evaluation and review of appropriation requests of the various Township departments. Revenue estimates are made throughout the process to determine the amount of Township taxes and other revenues required to balance the budget.

Financial Reporting

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units and to requirements prescribed by the Department.

The General Fund and accounts of the Township therein are maintained on a modified accrual basis, under which revenues are recognized when received and expenditures are recognized when paid. The enterprise funds are maintained on a full accrual basis.

Summary and Discussion of Financial Results

A summary of the balance sheet and receipts and expenditures in fund balances are presented in Tables 1 and 2 which follow.

TABLE 1
TOWNSHIP OF WILLISTOWN
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET⁽¹⁾

ASSETS	2019	2020	2021	2022	2023
Cash and Cash Equivalents	\$7,968,281	\$8,709,438	\$9,919,803	\$12,537,946	\$13,751,290
Taxes Receivable	2,330,431	2,340,172	3,124,858	3,089,719	3,176,822
Other Accounts Receivable	136,862	125,307	155,747	128,965	163,781
Prepaid Items	24,250	4,984	13,969	29,209	813
Due From Fiduciary Funds	174,954	112,936	104,954	104,954	104,954
Due From Other Funds	699,908	766,379	714,493	714,493	714,493
TOTAL ASSETS	\$11,334,686	\$12,059,216	\$14,033,824	\$16,605,286	\$17,912,153
LIABILITIES					
Accounts Payable and Other Accrued Liabilities	\$108,520	\$136,594	\$357,610	\$140,856	\$132,912
Accrued Salaries and Benefits	21,020	-	-	-	-
Due to Other Funds	80,492	105,633	53,747	53,747	53,747
Due to Fiduciary Funds	3,249	861	1,010	1,355	1,168
Unearned Revenue	-	-	246,823	636,606	572,947
TOTAL LIABILITIES	\$213,281	\$243,088	\$659,190	\$832,564	\$760,774
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Property Taxes	\$937,855	\$651,566	\$875,740	\$919,666	\$1,386,822
FUND BALANCE					
Nonspendable, Prepaid Items	\$24,250	\$4,984	\$13,696	\$29,209	\$813
Assigned					
Park Development	-	-	-	-	-
Tax Rate Stabilization	-	-	-	-	-
Pension Stabilization	-	-	-	-	-
OPEB	-	-	-	-	-
Stormwater Management	-	-	-	-	-
Volunteer Committee Resources	-	-	-	-	-
Renovate Municipal Infrastructure	-	-	-	-	-
Budgetary Reserve	-	-	-	-	-
Unassigned	10,159,300	11,159,578	12,484,894	14,823,847	15,763,744
TOTAL FUND BALANCE	10,159,300	11,159,578	12,484,894	14,823,847	15,763,744
TOTAL LIABILITIES AND FUND BALANCE	\$11,334,686	\$12,059,216	\$14,033,520	\$16,605,286	\$17,912,153

⁽¹⁾Source: Township Audited Reports

[REMAINDER OF PAGE INTENTIONALLY BLANK]

**TABLE 2
TOWNSHIP OF WILLISTOWN
GENERAL FUND REVENUES AND EXPENDITURES***

	2019 <u>Audited</u>	2020 <u>Audited</u>	2021 <u>Audited</u>	2022 <u>Audited</u>	2023 <u>Audited</u>
Revenues					
Taxes					
Real Estate Taxes	\$357,326	\$374,216	\$372,708	\$383,995	\$382,884
Transfer Taxes	738,923	910,924	1,390,684	1,239,066	1,121,809
Earned Income Taxes	6,818,819	6,978,678	8,596,088	9,144,163	8,761,359
Local Services Taxes	293,166	288,007	292,670	308,910	321,785
Cable franchise fees	305,083	297,822	291,893	288,436	277,388
Interest, dividends and rents	112,763	35,754	17,095	107,952	432,606
Intergovernmental Revenues	406,340	375,230	705,819	631,116	476,917
Fines and Forfeits	25,667	22,461	18,349	22,552	29,795
Parks and Recreation fees	17,719	1,405	9,049	14,471	12,655
Charges for Services	730,698	693,385	1,010,200	975,032	1,046,240
Miscellaneous	132,397	129,778	93,682	150,415	211,937
Total Revenues	\$9,938,901	\$10,107,660	\$12,798,237	\$13,266,108	\$13,075,375
Expenditures					
General Government	801,057	1,477,609	1,041,408	1,046,176	1,272,396
Public Safety	6,124,552	5,689,401	6,428,945	6,137,478	6,329,564
Public Works	998,581	991,558	1,036,957	1,054,077	1,164,888
Culture and Recreation	368,338	381,575	493,302	463,286	361,585
Debt Service					
Principal	57,600	58,500	60,300	60,300	61,200
Interest	29,157	28,005	26,835	25,629	24,423
Total Expenditures	\$8,379,285	\$8,626,648	\$9,087,747	\$8,786,946	\$9,214,056
Excess (Deficiency) of Rev over Exp	\$1,559,616	\$1,481,012	\$3,710,490	\$4,479,162	\$3,861,319
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	-	-	1,000	-	-
Interfund Transfers In	-	-	-	-	63,659
Interfund Transfers Out	(604,960)	(500,000)	(2,250,000)	(2,125,000)	(3,013,477)
Total Other Financing Sources (Uses)	(\$604,960)	(\$500,000)	(\$2,249,000)	(2,125,000)	(2,949,818)
Net Change in Fund Balance	\$954,656	\$981,012	\$1,461,490	\$2,354,162	\$911,501
Fund Balance, Jan. 1	\$9,228,894	\$10,183,550	\$11,037,404	\$12,498,894	\$14,853,056
Fund Balance, Dec. 31	\$10,183,550	\$11,164,562	\$12,498,894	\$14,853,056	\$15,764,557

*Totals may not add due to rounding.

⁽¹⁾As restated.

Source: Township Audited Reports

[THIS SPACE INTENTIONALLY LEFT BLANK]

TABLE 3
2024 AND 2025 GENERAL FUND BUDGETS

	<u>2024 Budget⁽¹⁾</u>	<u>2025 Budget⁽²⁾</u>
REVENUES		
Real Estate Taxes	\$377,000	\$385,000
Local Services Tax	310,000	315,000
Real Estate Transfer Tax	650,000	670,000
Earned Income Tax	6,990,000	7,234,630
Fines, Forfeitures and Other Costs	25,600	27,600
Cable Franchise Fees	275,000	265,000
Interest Dividends and Rents	300,000	300,000
Intergovernmental Revenues	410,233	520,610
Parks & Recreation Fees	15,000	21,354
Charges for Services	566,100	610,020
Misc.	25,424	13,564
Interfund Transfer	147,000	150,000
	<hr/>	<hr/>
TOTAL REVENUES	\$10,091,357	\$10,512,778
EXPENDITURES		
General Government	\$1,962,476	\$2,003,698
Sanitary Sewer Operations	-	-
Public Works	1,176,178	1,532,070
Culture & Recreation	502,456	528,812
Public Safety - Police	5,825,247	5,745,198
Public Safety - Fire	625,000	703,000
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$10,091,357	\$10,512,778
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	\$-	\$-

(1)As adopted December 11, 2023

(2)As adopted December 16, 2024

[THIS SPACE INTENTIONALLY LEFT BLANK]

TAXING POWERS

The Township Board of Supervisors adopts an annual budget and also levies local taxes prior to the beginning of the fiscal year on January 1. Under provisions of the Pennsylvania Second Class Township Code, the Township may levy the following annual taxes upon all real property within the Township made taxable for township purposes, as ascertained by the last adjusted valuation for county purposes:

<u>Purpose</u>	<u>Maximum Levy</u>
General Purposes.....	14 mills*
Debt – Interest and Sinking Fund.....	No Limit
Street Lighting	5 mills
Parks and Recreation.....	No Limit
Municipal Buildings.....	½ the general rate
Fire Protection.....	3 mills**
Fire Hydrants and Fire Hydrant Water Service	2 mills
Streets, Sidewalks, Sewer, Water.....	5 mills***
Ambulance, Rescue and Other Emergency Service	½ mills
Road Equipment Fund.....	2 mills

* An additional tax not exceeding 5 mills may be levied with court approval.

** Up to ½ but not more than 1 mill, of this tax may be appropriated to pay salaries, benefits and other compensation of fire personnel. A tax rate higher than 3 mills may be imposed, if approved by the voters.

***This fund may be used to pay the costs of such improvements before the collection of all or part of the cost from the benefited property owners.

****Up to ½ of the revenue generated by this tax may be appropriated to pay salaries, benefits and other compensation of ambulance, rescue and other emergency service personnel. A tax rate higher than ½ mill may be imposed, if approved by the voters.

Additional real estate taxes may be levied by the Township for special purposes, as authorized by other statutes of the Commonwealth of Pennsylvania.

Under an Act of the Pennsylvania General Assembly, approved December 31, 1965, effective January 1, 1966 (The Local Tax Enabling Act), additional taxes may be levied by the Township, subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege with the following limitations:

<u>Tax</u>	<u>Levy Limit</u>
Per Capita	\$10.00
Gross Receipts of Wholesalers	1 mill
Gross Receipts of Retailers	1 ½ mills
Wages, Salaries, Commissions and Other Earned Income of Individuals	1%
Local Services Tax*	\$52.00
Transfer of Title of Real Property	1%
Flat Rate Occupation and/or Occupational Privilege Tax	\$10.00
Occupation (if a millage or percentage of the assessed valuation of occupation is used as base)....	No limit
Admissions (Except Motion Picture Theater)	10%

Source: Township officials.

*Note: Restricted in use to: (1) police, fire and/or emergency services; (2) road construction and/or maintenance; or (3) reduction of property taxes.

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

All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year. Additionally, in accordance with Act No. 6 of 2016, wages or compensation paid to individuals on active military serve is not “earned income” for purposes of local income taxes levied and collected after December 31, 2015.

TABLE 4
TOWNSHIP OF WILLISTOWN
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Township.....	0.28	0.28	0.28	0.28	0.28
Chester County.....	4.369	4.369	4.551	4.551	4.551
Great Valley School District	<u>21.550</u>	<u>21.550</u>	<u>21.810</u>	<u>22.360</u>	<u>22.919</u>
Total	26.199	26.199	26.641	27.191	27.750

Source: Department of Community and Economic Development – Municipal Statistics.

Real Property Tax

The real estate tax collection process of the Township allows taxpayers remitting prior to April 30 of the levy year a 2% discount is allowed for payment within 60 days of the date of notice; at face amount for the next 60 days and at a 10% penalty thereafter. Delinquent taxes are lienied by filing in the Chester County Tax Claim Bureau by the 30th day of January in the year following the year of levy.

TABLE 5
TOWNSHIP OF WILLISTOWN
REAL PROPERTY ASSESSMENT DATA

<u>Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Common Level Ratio</u>
2019.....	\$2,300,707,732	\$1,320,190,558	57.38%
2020.....	2,426,385,415	1,332,310,673	54.91%
2021.....	2,437,278,667	1,339,907,831	54.98%
2022.....	2,558,215,107	1,346,839,461	52.65%
2023.....	2,616,424,077	1,371,723,981	52.43%
Compound Average Annual Percentage Change.....	2.61%	0.77%	

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

TABLE 6
TOWNSHIP OF WILLISTOWN
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	<u>2022 Market Value</u>	<u>2022 Assessed Value</u>	<u>2023 Market Value</u>	<u>2023 Assessed Value</u>
Township.....	2,558,215,107	1,346,839,461	2,616,424,077	1,371,723,981
Great Valley School District	7,677,212,371	4,163,737,050	7,825,487,328	4,233,938,432
Chester County.....	102,359,132,063	40,431,857,165	113,335,042,992	40,800,615,477

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 7
TOWNSHIP OF WILLISTOWN
ASSESSMENT BY LAND USE**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	\$1,111,008,158	\$1,122,388,728	\$1,131,899,286	\$1,139,650,276	\$1,157,928,906
Trailers	-	-	-	-	-
Seasonal	-	-	-	-	-
Lots	9,014,360	7,840,310	6,658,800	6,414,500	8,227,110
Industrial	3,281,270	3,281,270	3,281,270	3,281,270	3,281,270
Commercial	124,270,830	125,319,750	124,217,980	124,295,960	126,972,110
Agriculture	71,945,200	72,911,635	73,281,515	72,507,755	74,782,125
Land	<u>670,740</u>	<u>568,980</u>	<u>568,980</u>	<u>689,700</u>	<u>532,460</u>
Total.....	<u>\$1,320,190,558</u>	<u>\$1,332,310,673</u>	<u>\$1,339,907,831</u>	<u>\$1,346,839,461</u>	<u>\$1,371,723,981</u>

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 8
TOWNSHIP OF WILLISTOWN
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Assessed Valuation</u>	<u>Mills</u>	<u>Total Tax Levy⁽¹⁾</u>	<u>Current Tax Collections at Face</u>	<u>Current Collections % of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections Amount</u>	<u>Total Collections % of Current Levy⁽¹⁾</u>
2019	\$1,320,190,558	0.280	\$369,653	\$349,290	94.49%	\$11,439	\$357,326	96.67%
2020	1,332,310,673	0.280	373,047	363,817	97.53%	11,733	374,216	100.31%
2021	1,339,907,831	0.280	375,174	367,582	97.98%	6,804	372,708	99.34%
2022	1,346,839,461	0.280	377,115	371,449	98.50%	7,203	383,995	101.82%
2023	1,371,723,981	0.280	384,083	378,179	98.46%	6,246	382,884	99.69%

⁽¹⁾Total includes current year, penalties, discounts and all prior years delinquent collections.

Source: Township Officials

Non-Real Estate Taxes

In addition to ad valorem taxes on land and buildings, the Township is empowered by the Local Tax Enabling Act (Act of December 31, 1965, P.L. 1257, as amended) to levy certain other taxes for general revenue purposes on persons, transactions, occupations, privileges, subjects and personal property. Currently residents pay a Real Estate Transfer Tax and an Earned Income Tax, each of which subject to various limitations.

Real Estate Transfer Tax – The Township levies a 0.5% tax (which it shares equally with Great Valley School District) on the transfer of title of real property in the Township for a total of 1.0%. Township revenues from this source are budgeted at \$670,000 in 2025.

Earned Income Tax – The Township levies a 1% tax on the wages, salaries, commissions and other earned income of Township residents and a 0.875% tax on non-residents working in the Township. Revenues from this source are budgeted at \$7,234,630 in 2025.

Local Services Tax – The Annual rate is \$52.00, charged for employees with income from all available sources of \$12,000 or more. This replaces the \$10 Occupational Privilege Tax. Revenues from this source are budgeted at \$315,000 in 2025.

**TABLE 9
GENERAL OBLIGATION
HISTORICAL EARNED INCOME TAX COLLECTIONS**

	<u>Earned Income Tax Received</u>	<u>Dollar Increase from Prior Year</u>
2019	6,818,819	-
2020	6,978,678	159,859
2021	8,596,088	1,617,410
2022	9,144,163	548,075
2023	8,761,359	-382,804
2024 ⁽¹⁾	9,742,412	981,053

(1) Estimated, subject to final audit

Sources: Township Officials and Financial Statements FYE 2019-2023. 2024 Budget.

DEBT AND DEBT LIMITS

Debt Statement

Table 10 shows the debt of the Township as of June 1, 2025, including the issuance of the Bonds.

**TABLE 10
TOWNSHIP OF WILLISTOWN
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of June 1, 2025)**

	<u>Gross Outstanding</u>
GENERAL OBLIGATION DEBT	
Nonelectoral Debt	
General Obligation Bonds, Series of 2025	\$12,000,000
General Obligation Bonds, Series of 2013	3,560,000
General Obligation Bonds, Series of 2012	5,910,000
Total Non-Electoral Debt	<u>\$21,470,000</u>
TOTAL DIRECT DEBT	<u>\$21,470,000</u>
OVERLAPPING DEBT	
Great Valley School District, General Obligations ⁽¹⁾	\$34,823,310
Chester County, General Obligations ⁽²⁾	14,586,592
TOTAL OVERLAPPING DEBT	<u>\$49,409,902</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$70,879,902</u>
DEBT RATIOS	
Per Capita (2020)	\$6,288
Percent 2023 Assessed Value	5.17%
Percent 2023 Market Value.....	2.71%

*Includes the Bonds offered through this Preliminary Official Statement, estimated and subject to change.

⁽¹⁾Approximate pro rata share (32.39%) of \$107,485,000 outstanding as of June 1, 2025.

⁽²⁾Approximate pro rata share (3.39%) of \$429,585,000 non-electoral and lease rental principal amount outstanding as of June 1, 2025 based upon the total 2023 assessed value of the municipalities within Chester County.

Types of Indebtedness under the Debt Act

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

Debt Limit and Remaining Borrowing Capacity

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

Total Net Revenues for 2022.....	\$13,493,994
Total Net Revenues for 2023.....	13,552,473
Total Net Revenues for 2024 (unaudited)	14,240,408
Total	<u>\$41,286,875</u>
 Annual Arithmetic Average (Borrowing Base).....	 <u>\$13,762,292</u>

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt Limit:			
250% of Borrowing Base	\$34,405,729	\$21,470,000	\$12,935,729
Net Nonelectoral and Lease Rental Debt Limit:			
350% of Borrowing Base	\$48,168,021	\$21,470,000	\$26,698,021

*Preliminary, subject to change. Excludes debt certified as self-liquidating.

[THIS SPACE INTENTIONALLY LEFT BLANK]

Debt Service Requirements

Table 11 presents the debt service requirements on the Township’s Bonds. The Township has never defaulted on the payment of debt service.

**TABLE 11
TOWNSHIP OF WILLISTOWN
DEBT SERVICE REQUIREMENTS⁽¹⁾⁽²⁾**

<u>Year</u>	<u>Series of 2025</u>			<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
Total	=====	=====	=====	=====

(1) Upon issuance of the Bonds.
(2) Totals may not add due to rounding.

FUTURE FINANCING NEEDS

The Township does not anticipate needing to access the capital markets over the next three years. It might spend a portion of its Open Space Reserve Fund if a real estate opportunity presents itself. The Township may consider refunding the opportunities if market conditions are favorable.

LABOR RELATIONS

Township Employees

The Township currently maintains a staff of 39 full time employees and 1 part time employee.

Township Pension Plan

The Township contributes to one single-employer defined benefit pension plan: the Police Pension Plan. The Police Pension Plan is controlled by the provisions of an ordinance enacted pursuant to Act 600. The plan are governed by the Township, which is responsible for the management of plan assets.

The Township has delegated the authority to manage plan assets to PNC Bank. The plans provide retirement, disability and death benefits to plan members and beneficiaries. For additional information please reference the Township’s Audited Financial Statements.

Other Post Employment Benefits (OPEB)

The Township's post-employment healthcare plan is a single-employer defined healthcare plan. The plan provides medical insurance and life insurance benefits to eligible retirees. The Board of Supervisors assigns the authority to establish and amend benefit provisions. For additional information please reference the Township's Audited Financial Statements.

MUNICIPAL BANKRUPTCY LAW

Enforcement of holders of the Bonds' rights may be limited by and be subject to the provisions of bankruptcy, insolvency and distressed municipality laws, as now or hereafter enacted, or to other laws or equitable principles which may affect enforcement of creditors' rights.

The rights and remedies of holders of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code. In general, that chapter permits, under prescribed circumstances (but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debt. Such plan may, on being approved by a certain percentage of creditors and the court, include provisions modifying or altering the rights of creditors.

The Pennsylvania Distressed Municipalities Act, Act No. 1987-47, authorizes a municipality, such as the Township, to file a municipal debt readjustment action pursuant to the Federal Bankruptcy Code only if one of the following conditions is present: (1) such action has been recommended by a state coordinator following a determination by the DCED that the municipality is financially distressed, within the meaning of such Act; (2) there is imminent jeopardy of an action by a creditor, a claimant or a supplier of goods and services that is likely to substantially interrupt or restrict the ability of the municipality to provide health or safety services; (3) one or more creditors of the municipality has rejected the proposed or adopted plan for relieving the municipality's financial distress and efforts to negotiate an Ordinance with such creditor(s) has been unsuccessful; (4) a condition affecting the municipality's financial distress is potentially solvable only through utilization of a remedy under the Federal Municipal Debt Readjustment Act; or (5) a majority of the governing body of the municipality has failed to adopt a plan for relieving the financial distress or to carry out the recommendations of the state coordinator.

TAX MATTERS

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the federal alternative minimum tax imposed on individuals; however such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the condition that the Township comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Township has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

Certain Bonds are offered at a discount ("original issue discount") equal generally to the difference between their public offering price and their principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

Certain Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania.

The opinions expressed by Bond Counsel above are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Legislative and regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

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

BONDHOLDER CONSIDERATIONS

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

Enforcement of Remedies

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

No Assurance of Secondary Market for the Bonds

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

Economic Factors Affecting the Financial Condition of the Township

Changes in current economic conditions, on local, regional and national levels, could adversely affect the Township's operating revenues and expenses and, consequently, the County's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the Township; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of Commonwealth and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect Township revenues or the timely payment thereof.

Uncertainty of Tax Revenues

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

Public Health Emergencies Could Negatively Affect the Township's Operations

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

will have on the finances or operations of the Township or whether any such effects will have a material adverse effect on the ability to support payment of debt service on the Bonds.

Cybersecurity

The Township, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Township may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Township's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The Township has not been the subject of a cybersecurity breach that has had a material adverse impact on the operations or financial condition of the Township.

The Township has measures in place to respond to and mitigate cybersecurity incidents. No assurance can be given that the Township's current efforts to manage cyber threats and security will, in all cases, be successful. The Township cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the Township also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

Risk of Audit by Internal Revenue Service

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

LITIGATION

At the time of settlement, the Township Board of Supervisors and the Solicitor will each deliver a certificate stating that there is no litigation pending with respect to the Bonds, the Ordinance or the right of the Township to issue the Bonds.

The Township is subject to a variety of suits and proceedings arising out of its ordinary course of its affairs, some of which may be adjudicated adversely to the Township. Any such litigation is of a routine nature which does not affect the right of the Township to conduct its affairs or the validity of its obligations.

CONTINUING DISCLOSURE UNDERTAKING

Under the terms of a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), the substantial form of which is set forth in Appendix D hereto, the Township will undertake to file with the Municipal Securities Rulemaking Board ("MSRB") financial and other information concerning the Township. The covenants being made by the Township in the Continuing Disclosure Certificate are being made to assist the Underwriter (defined below) in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). The Township's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of all of the Bonds.

The Township may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed in the Continuing Disclosure Certificate, but the Township does not commit to provide notice of the occurrence of any such other event.

The Township reserves the right to terminate its respective obligation to provide annual financial information and notices of events, as set forth in the Continuing Disclosure Certificate, if and when such Township is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule. The Township acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of such Bonds; provided that the Bondholders' right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the Township's obligations pursuant to its undertaking and any failure by the Township to comply with the provisions of its undertaking shall not be an event of default with respect to the Bonds.

Effective July 1, 2009, the MSRB was designated by the SEC to be the central repository for ongoing disclosures by municipal issuers. Disclosure filings and notices are made available to investors through the MSRB's Electronic Municipal Market Access which is accessible on the internet at <http://emma.msrb.org>.

Existing Continuing Disclosure Filing History

The Township has entered into prior undertakings to provide certain annual financial information, as defined in the continuing disclosure agreements or certificates associated with prior bond issues, and notice of certain events under the Rule.

In the past five (5) fiscal years, the Township has failed to file timely annual financial information in regard to outstanding bonds in the following respects: for the fiscal year ended for the fiscal years ended December 31, 2022 through December 31, 2023, the Township failed to file a summary of the current year's budget in a timely manner and failed to file a notice of the failure to file in a timely manner. Each of the items that are described in the preceding sentence has been filed, and the Township has developed procedures to ensure filing of annual financial information within the times required by the Continuing Disclosure Certificate.

RATING

Moody's Investors Service ("Moody's") has assigned its underlying rating of "Aaa" to this issue of Bonds. Any explanation of the significance of such rating may be obtained from the rating agency furnishing the same, at the following address: 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The rating reflects only the view of such rating agency and the Township makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") from the Township, in accordance with the terms of the Bond Purchase Proposal, as supplemented by an addendum thereto (collectively, the "Purchase Contract") between the Underwriter and the Township. The purchase price for the Bonds, exclusive of accrued interest, is equal to _____ consisting of (i) the par amount of the Bonds of _____, (ii) less underwriter's discount of _____, and (iii) plus/(less) net original issue premium/(discount) of _____. The obligation of the Underwriter to purchase the Bonds is subject to the terms and conditions set forth in the Purchase Contract. The Purchase Contract provides that the Underwriter will purchase all of the Bonds, if any of the Bonds are purchased.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Township and to persons and entities with relationships with the Township, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Township (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Township.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Township.

LEGAL OPINION

The issuance and delivery of the Bonds is subject to the receipt of the approving legal opinion of Lamb McErlane PC, West Chester, Pennsylvania, Bond Counsel. The proposed form of Bond Counsel Opinion is set forth as Appendix B hereto. Certain legal matters will be passed upon for the Township by its Solicitor, Lamb McErlane PC, West Chester, Pennsylvania.

MISCELLANEOUS

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

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

TOWNSHIP OF WILLISTOWN
Chester County, Pennsylvania

By: _____
Chair of the Board of Supervisors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
Demographic and Economic Information
Relating to the Township of Willistown

[THIS PAGE INTENTIONALLY LEFT BLANK]

Population

Table A-1 shows recent population trends for the Township, Chester County, and the Commonwealth. The Township's population increased between 2010 and 2020. Table A-2 shows 2020 age composition and average number of persons per household in Chester County and for the State. Average household size was slightly larger for Chester County than the Commonwealth average.

**TABLE A-1
TOWNSHIP OF WILLISTOWN
RECENT POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
Township.....	10,497	11,273	0.72%
Chester County.....	498,856	534,413	0.69%
Pennsylvania.....	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, 2010 and 2020 Census.

**TABLE A-2
TOWNSHIP OF WILLISTOWN
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Chester County.....	21.8%	59.8%	18.4%	2.60
Pennsylvania.....	20.3%	59.7%	20.0%	2.42

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

Employment

Large capital commitments by major corporations located in Chester County provide residents with job opportunities. The total number of jobs in Chester County is well distributed between service and product companies and is further diversified among manufacturers as to types of goods produced.

A substantial part of Chester County still consists of large farms and estates. Chester County's principal agricultural products include mushrooms, cattle, corn, grains and hay, with some tobacco and fruit.

The largest employers located within Chester County are shown below:

<u>Company</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Vanguard Group, Inc. ⁽¹⁾	Financial Services	11,346
Main Line Hospitals	Healthcare	3,000
QVC Inc.	Distribution Center	2,800
County of Chester	Government	2,820
PA System of Higher Education ⁽²⁾	Higher Education	2,664
Giant Food Stores LLC	Grocery Stores	2,500
Chester County Hospital	Healthcare	2,482
The Devereux Foundation	Special Education	2,159
Downingtown Area School District	Education K-12	1,575

(1) Includes contracted employees.

(2) Includes West Chester, Lincoln, Cheyney and Penn State Great Valley Universities.

Source: 2020 Chester County ACFR

Table A-3 shows the nonfarm jobs in the MSA for June 2024.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
Montgomery-Bucks-Chester Metropolitan Statistical Area
NONFARM JOBS
(June 2024)

Establishment Data	Current Month (June 2024)	Previous Month (May 2024)	Previous Year (June 2023)	Net Change (Prior Month)	Net Change (Prior Year)
Total Nonfarm	1,142,500	1,130,800	1,130,900	11,700	11,600
Total Private	1,058,000	1,045,000	1,048,000	13,000	10,000
Goods-Producing	149,200	147,600	150,600	1,600	-1,400
Service-Providing	993,300	983,200	980,300	10,100	13,000
Private Service Providing	908,800	897,400	897,400	11,400	11,400
Manufacturing	90,800	89,700	91,000	1,100	-200
Durable Goods	46,100	45,700	45,800	400	300
Non-Durable Goods	44,700	44,000	45,200	700	-500
Trade, Transportation, and Utilities	202,000	201,800	203,600	200	-1,600
Wholesale Trade	59,100	59,200	59,000	-100	100
Retail Trade	108,800	108,400	110,800	400	-2,000
Transportation, Warehousing, and Utilities	34,100	34,200	33,800	-100	300
Information	25,700	25,500	25,900	200	-200
Financial Activities	91,700	90,400	90,300	1,300	1,400
Finance and insurance	76,900	75,800	75,600	1,100	1,300
Real estate and rental and leasing	14,800	14,600	14,700	200	100
Professional and Business Services	215,700	214,000	219,300	1,700	-3,600
Professional and technical services	116,900	116,200	118,700	700	-1,800
Management of companies and enterprises	31,400	30,900	31,100	500	300
Administrative and waste services	67,400	66,900	69,500	500	-2,100
Education and Health Services	223,100	221,200	211,400	1,900	11,700
Educational services	28,800	30,400	28,200	-1,600	600
Health care and social assistance	194,300	190,800	183,200	3,500	11,100
Leisure and Hospitality	100,900	95,800	99,100	5,100	1,800
Accommodation and food services	76,700	75,500	75,400	1,200	1,300
Other Services	49,700	48,700	47,800	1,000	1,900
Government	84,500	85,800	82,900	-1,300	1,600
Federal Government	6,300	6,300	6,200	0	100
State Government	9,200	9,800	9,200	-600	0
Local Government	69,000	69,700	67,500	-700	1,500

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor and Industry.

Table A-4 shows recent trends in labor force, employment and unemployment for Chester County and the Commonwealth. Overall labor force has grown at a faster rate in Chester County than in the Commonwealth over the past six years.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*
(000)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
<i>Chester County</i>						
Civilian Labor Force	286.5	280.1	286.4	291.1	298.5	291.1
Employment	277.3	262.1	274.3	282.7	290.8	283.9
Unemployment	9.1	18.0	12.0	8.4	7.7	7.2
Unemployment Rate.....	3.2%	6.4%	4.2%	2.9%	2.6%	2.5%
<i>Pennsylvania</i>						
Civilian Labor Force	6,492.0	6,515.0	6,445.0	6,479.0	6,518.0	6,426.0
Employment	6,208.0	5,933.0	6,059.0	6,196.0	6,296.0	6,215.0
Unemployment.....	284.0	581.0	386.0	283.0	223.0	211.0
Unemployment Rate.....	4.4%	8.9%	6.0%	4.4%	3.4%	3.3%

⁽¹⁾As of November 2024.

Source: Labor Market Analysis, Pennsylvania Office of Employment Service.

Income

The data in Table A-5 shows recent trends in per capita income for Chester County and Pennsylvania over the 2010-2020 period.

TABLE A-5
RECENT TRENDS IN PER CAPITA PERSONAL INCOME

	<u>2010</u>	<u>2020</u>
Chester County.....	62,256	92,175
Pennsylvania	42,098	60,315

Source: U.S. Bureau of Economic Analysis

Industry

Table A-6 shows recent trends for retail sales in Chester County, the Metropolitan Statistical Area (the “MSA”) and Pennsylvania.

TABLE A-6
TOTAL RETAIL SALES (000)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Chester County	8,763,893	16,149,514	16,586,181	16,689,538	20,551,778
MSA	85,594,993	118,054,280	121,588,785	117,611,765	129,095,108
Pennsylvania	188,389,810	244,709,540	251,185,116	274,685,600	297,770,327

Source: The Nielson Company.

Housing

In 2020, the Census estimated 64.6% of housing units in the Township were owner-occupied. The median value of owner-occupied units in the Township was \$604,400. The median value of owner-occupied housing units for Chester County in 2020 was \$461,800 and for the Commonwealth, the median value of owner-occupied housing units was \$240,500.

Source: U.S. Census Bureau, 2020

Medical Facilities

Below is a listing of the health care facilities located in Chester County. Residents also have access to seven teaching hospitals in Philadelphia and other major hospital located in metropolitan Philadelphia.

<u>Name</u>	<u>Type of Service</u>	<u>Licensed Bed Capacity</u>	<u>Location</u>
Bryn Mawr Rehabilitation Center	Rehabilitation	151	Malvern
Chester County Hospital	General	245	West Chester
Devereaux – Mapleton Center	Psychiatric	110	Malvern
Paoli Memorial Hospital/Main Line Health	General	231	Paoli
Phoenixville Hospital	General	143	West Grove
Veterans Administration Medical Center	Psychiatric	554	Coatesville
Villa St. John Vianney Hospital	Psychiatric	50	Downingtown

Transportation

The Township's growth pressure derives from its physical attractiveness, access to major roads and reasonable commuting distance to growing employment centers along the Route 202 corridor, the I-476 Blue Route corridor and the Wilmington area. Six major highways cross Willistown Township:

- U.S. Route 202, a major highway connecting King of Prussia with Interstate 95 in Wilmington;
- Route 30, a major east-west corridor, connects the Township with Lancaster to the west and Philadelphia to the east, serving as a key commercial and commuter route;
- Paoli Pike, which connects the Township with West Chester and Malvern, providing access to local amenities and employment centers;
- West Chester Pike (Route 3), connects the Township with West Chester and Philadelphia, serving as a significant commuter route;
- Route 352, which connects Routes 202 and 30 with Route 1 and southern Delaware County;
- Route 401, which begins in the Township and traverses to central Chester County

Educational Institutions

There are 6 colleges and universities within Chester County and at least 30 colleges and universities in Philadelphia, Pennsylvania.

<u>Higher Education Facility</u>	<u>Enrollment</u>
West Chester University	15,847
Immaculata University	3,675
Delaware County Community College	2,601
Lincoln University	1,963
The School of Graduate Professional Studies – Penn State Great Valley	1,288
Cheyney University	1,262

Source: Collegeboard.org

Also located in Chester County are the Flowers and Cook Observatory of the University of Pennsylvania and the large animal facility (New Bolton Center) of the University of Pennsylvania School of Veterinary Medicine.

APPENDIX B
Form of Bond Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

Re: Township of Willistown
\$ _____ General Obligation Bonds, Series of 2025

You have requested our opinion as to the legality of the above general obligation bonds (the "Bonds"). The Bonds are issued by the Township of Willistown, Chester County, Pennsylvania (the "Township"), under the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), and pursuant to an ordinance enacted by the Township's Board of Supervisors on June 16, 2025 (the "Ordinance"). The Bonds are being issued for the purpose of financing (1) the development and design of a property for use as the Township's new public works facility, (2) funding the Township's sewer improvement program (3) capitalized interest and (4) paying the costs of issuing the Bonds.

The Township, by officers of the Township responsible for issuing the Bonds, has executed a certificate (the "Tax Certificate and Agreement"), stating the reasonable expectations of the Township on the date of issue of the Bonds as to future events that are material for the purposes of such requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Township has also delivered to us for filing with the Internal Revenue Service a report of the issuance of the Bonds as required by the Code as a condition of the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

The Township has covenanted in the Ordinance (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year, (ii) to appropriate such amounts from its general revenues for the payment of such debt service, and (iii) to duly and punctually pay or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal or redemption price of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Township has pledged in the Ordinance its full faith, credit and taxing power.

As Bond Counsel, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Act pursuant to which the Bonds are authorized, issued and sold; the transcript of proceedings filed with the Pennsylvania Department of Community and Economic Development (the "Department"); and certain statements, affidavits and other documents which we have considered pertinent.

In rendering this opinion we have examined and relied upon the accuracy of the statements and representations and the performance of the covenants of the Township set forth in the Ordinance and the Tax Certificate and Agreement delivered on this date in connection with the issuance of the Bonds.

Based on the foregoing, we are of the opinion that:

1. The Township is authorized under the provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes above set forth, and the Township has authorized the issuance thereof.

2. As indicated in the Township's debt statement filed with the Department in connection with the issuance of the Bonds, outstanding debt of the Township, including debt represented by the Bonds, is within the debt limitations of the Act.

3. The Bonds are the valid and binding general obligation of the Township payable from the revenues of the Township from whatever source derived, which revenues, at the time of the issuance and sale of the Bonds, include *ad valorem* taxes levied upon all the taxable property within the Township, without limitation as to rate or amount.

4. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws as enacted and construed on the date of initial delivery of the Bonds. Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest will not be excluded from "annual adjusted financial statement income" for certain corporations that are not

excluded from the federal corporate alternative minimum tax (as defined in the Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in this paragraph are subject to the condition that the Township complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Township has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

[The initial public offering price of Bonds of certain maturities (the "Discount Bonds") is less than the amount payable at maturity. An amount not less than the difference between the initial public offering price of the Discount Bonds and the amount payable at maturity constitutes original issue discount. We are of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder of a Discount Bond will, upon sale, exchange, redemption or payment at maturity of such Discount Bond, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Discount Bonds.]

In providing this opinion, we advise you as follows:

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

(b) The enforceability (but not the validity) of the documents mentioned herein may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter enacted by any state or the federal government affecting the enforcement of creditors' rights generally, and "enforceable in accordance with its (their) terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

(c) We express no opinion herein with respect to the adequacy of the security or sources of payment for the Bonds or the accuracy or adequacy of any description of the Township or its facilities in any offering document used in connection with the sale of the Bonds.

Lamb McErlane PC

APPENDIX C
TOWNSHIP OF WILLISTOWN
Financial Statements
December 31, 2023

[THIS PAGE INTENTIONALLY LEFT BLANK]

WILLISTOWN TOWNSHIP

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2023

[THIS PAGE INTENTIONALLY LEFT BLANK]

INTRODUCTORY SECTION

[THIS PAGE INTENTIONALLY LEFT BLANK]

WILLISTOWN TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	3
Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	15
Statement of Activities	16
<i>Fund Financial Statements</i>	
<i>Governmental Funds</i>	
Balance Sheet	17
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
<i>Proprietary Funds</i>	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
<i>Fiduciary Funds</i>	
Statement of Net Position	24
Statement of Changes in Net Position	25
Notes to the Basic Financial Statements	26

WILLISTOWN TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023

	Page
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	54
Budgetary Comparison Schedule - Open Space Fund	55
Schedule of Changes in the Net Police Pension (Asset) Liability and Related Ratios - Last Ten Fiscal Years	56
Schedule of Police Pension Plan Contributions - Last Ten Fiscal Years	57
Schedule of Police Pension Plan Investment Returns - Last Ten Fiscal Years	58
Schedule of Changes in the Net OPEB Plan (Asset) Liability and Related Ratios - Last Seven Fiscal Years	59
Schedule of OPEB Plan Contributions - Last Seven Fiscal Years	60
Schedule of OPEB Plan Investment Returns - Last Seven Fiscal Years	61
Supplementary Information	
Budgetary Comparison Schedule - Capital Reserve Fund	62
Budgetary Comparison Schedule - Sewer Fund	63
Combining Balance Sheet - Other Governmental Funds	64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds	65

FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Willistown Township
Malvern, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Willistown Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Willistown Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Willistown Township, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 14, budgetary comparison information on pages 54 and 55, pension plan information on pages 56 through 58 and other postemployment benefit plan funding progress on pages 59 through 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Supervisors
Willistown Township
Malvern, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Willistown Township's basic financial statements. The budgetary comparison schedule - capital reserve fund, budgetary comparison schedule - sewer fund, combining balance sheet - other governmental funds, and combining schedule of revenues, expenditures and changes in fund balances - other governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Limerick, Pennsylvania
June 19, 2024

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

This discussion and analysis of Willistown Township, Pennsylvania, provides an overview of the Township's financial performance for the year ended December 31, 2023. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Willistown Township exceeded its liabilities at the close of the 2023 fiscal year by \$46,365,447 which represents the Township's net position. Of this amount, 59.57% or \$27,618,329 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$2,089,879 in 2023.
- As of December 31, 2023, the Township's combined ending fund balance for its governmental funds amounted to \$25,712,834, an increase of \$435,201 compared to the prior year. Approximately 61% of the total governmental fund balance, or \$15,763,744, is available for spending at the Township's discretion (unrestricted and unassigned fund balance).

USING THE BASIC FINANCIAL STATEMENTS

The basic financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. For governmental activities, the governmental fund statements explain how services were financed in the short term as well as what remains for future spending. For business-type activities, the proprietary fund statements report these activities by fund with the sewer fund being the only business-type activity operated by the Township. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the Township as a whole begins with the Statement of Net Position and the Statement of Activities.

These statements provide information that will help the reader determine if the Township is financially better or worse as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

These two statements report the Township's net position and the changes in net position during the year. The reader can think of the Township's net position (the difference between assets and liabilities) as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in the Township's property base and the condition of the Township's assets, to assess the overall health of the Township.

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

- **Governmental Activities** - Most of the Township's basic services are reported here, including the police, general administration, public works, permitting, zoning, code enforcement and parks & recreation. Property taxes, Earned Income Tax, real estate transfer taxes and charges for services finance most of these activities.
- **Business-type Activities** - The Township charges a fee to customers to cover all of the cost of certain services it provides. The Township's sewer funds are reported here.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Our analysis of the Township's major funds provides detailed information about the most significant funds - not the Township as a whole. Some funds are required to be established by State law. However, the Board of Supervisors establishes many other funds to help it control and manage money for particular purposes (Special Revenue Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Township's two types of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds: Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities and governmental funds in the Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities as well as the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Proprietary Funds: When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Township's enterprise fund (a component of proprietary funds) is the same as business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. All of the Township's fiduciary activities (such as Pension and OPEB Plans) are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE TOWNSHIP

Government-wide

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's total activities.

The majority of the outstanding debt of the Township was incurred for the acquisition and/or construction of the Township's parkland, building structures, and the sewer collection system. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets in the amount of \$27,618,329 at December 31, 2023 may be used to meet these current and ongoing obligations to citizens and creditors. In addition, the Township maintains an "Aa1" rating from Moody's for its current debt issuances. This is Moody's second highest rating and reflects the Township's strong financial operations, characterized by substantial reserves, a sizable and affluent tax base, and low direct debt position.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2023, the Township's assets exceeded its liabilities by \$46,365,447.

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

Table 1
Summarized Schedule of Net Position
December 31, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
ASSETS						
Current assets	\$ 28,049,465	\$ 30,033,446	\$ 3,662,525	\$ 3,674,925	\$ 31,711,990	\$ 33,708,371
Capital assets	20,050,844	20,414,348	4,344,581	4,437,270	24,395,425	24,851,618
TOTAL ASSETS	48,100,309	50,447,794	8,007,106	8,112,195	56,107,415	58,559,989
DEFERRED OUTFLOWS OF RESOURCES	4,559,479	2,530,261	-	-	4,559,479	2,530,261
LIABILITIES						
Current liabilities	805,918	1,105,547	388,665	370,591	1,194,583	1,476,138
Long-term debt	10,392,355	8,648,609	3,535,803	3,243,579	13,928,158	11,892,188
TOTAL LIABILITIES	11,198,273	9,754,156	3,924,468	3,614,170	15,122,741	13,368,326
DEFERRED INFLOWS OF RESOURCES	1,268,585	1,356,477	-	-	1,268,585	1,356,477
NET POSITION						
Net investment in capital assets	12,592,391	13,395,565	1,047,690	1,433,800	13,640,081	14,829,365
Restricted	6,159,590	3,917,753	-	-	6,159,590	3,917,753
Unrestricted	21,440,949	24,554,104	3,034,948	3,064,225	24,475,897	27,618,329
TOTAL NET POSITION	\$ 40,192,930	\$ 41,867,422	\$ 4,082,638	\$ 4,498,025	\$ 44,275,568	\$ 46,365,447

Table 2
Changes in Net Position
Year Ended December 31, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
REVENUES						
Program revenues						
Charges for services	\$ 1,024,364	\$ 1,091,798	\$ 2,349,803	\$ 2,313,864	\$ 3,374,167	\$ 3,405,662
Operating grants and contributions	843,685	864,617	-	-	843,685	864,617
Capital grants and contributions	174,017	63,659	-	-	174,017	63,659
General revenues						
Real estate taxes	383,995	382,884	-	-	383,995	382,884
Transfer tax	1,239,066	1,121,809	-	-	1,239,066	1,121,809
Earned income tax	10,280,318	10,356,770	-	-	10,280,318	10,356,770
Local service tax	308,969	321,237	-	-	308,969	321,237
Investment earnings	178,007	722,155	31,679	80,523	209,686	802,678
Other	417,925	486,217	1,093	255,040	419,018	741,257
TOTAL REVENUES FORWARD	\$ 14,850,346	\$ 15,411,146	\$ 2,382,575	\$ 2,649,427	\$ 17,232,921	\$ 18,060,573

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

Table 2
Changes in Net Position

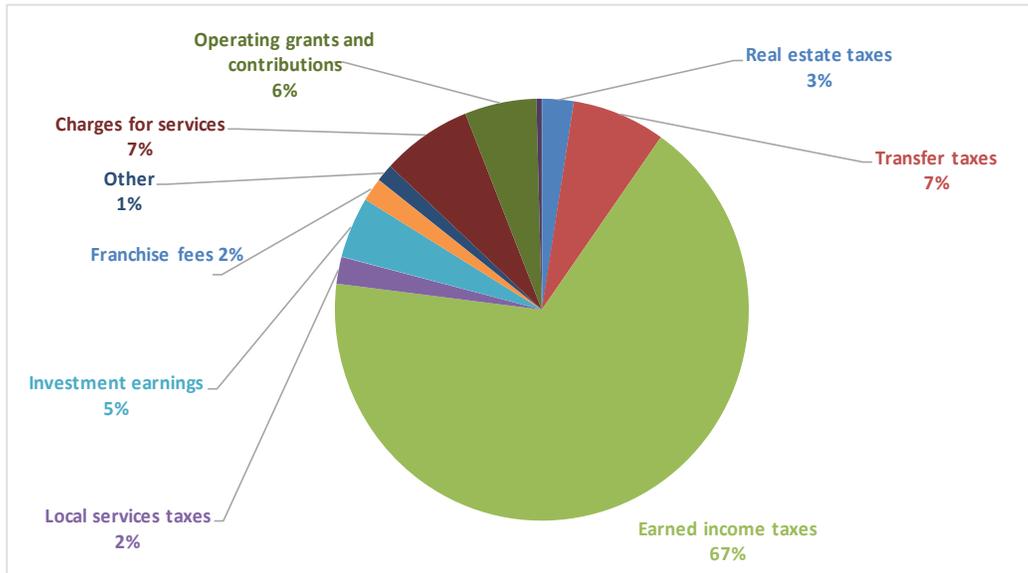
	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
TOTAL REVENUES FORWARDED	\$ 14,850,346	\$ 15,411,146	\$ 2,382,575	\$ 2,649,427	\$ 17,232,921	\$ 18,060,573
EXPENSES						
General government	1,114,624	1,359,667	-	-	1,114,624	1,359,667
Public safety	6,893,683	6,658,947	-	-	6,893,683	6,658,947
Public works	1,683,370	1,604,642	-	-	1,683,370	1,604,642
Culture and recreation	500,966	398,082	-	-	500,966	398,082
Community development	-	3,000,000	-	-	-	3,000,000
Debt service	210,363	201,839	-	-	210,363	201,839
Sewer operations	-	-	3,007,858	2,747,517	3,007,858	2,747,517
TOTAL EXPENSES	10,403,006	13,223,177	3,007,858	2,747,517	13,410,864	15,970,694
TRANSFERS	-	(513,477)	-	513,477	-	-
CHANGE IN NET POSITION	4,447,340	1,674,492	(625,283)	415,387	3,822,057	2,089,879
BEGINNING NET POSITION	35,745,590	40,192,930	4,707,921	4,082,638	40,453,511	44,275,568
ENDING NET POSITION	\$ 40,192,930	\$ 41,867,422	\$ 4,082,638	\$ 4,498,025	\$ 44,275,568	\$ 46,365,447

Governmental Activities

As shown in Table 1 and 2, governmental revenues exceeded governmental expenditures by \$1,674,492 in 2023 resulting in an overall increase in net position. Revenues for governmental activities increased in 2023 by \$560,800 from the prior year. The primary factor driving the increase in net position for governmental activities is the net change in fund balances, \$435,201, details of which will follow.

The following graph illustrates the Township's revenue sources, with Earned Income Tax providing the major funding for our governmental activities, accounting for 67% of revenues from governmental activities. Other sources of funding for governmental activities include transfer taxes, accounting for 7% of governmental revenues. Real estate and local service taxes collectively provide about 5% of governmental revenues. The Township relies on all of these revenues to provide the quality of life to citizens and businesses to which the Board of Supervisors has always been committed.

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023



Business-Type Activities

The revenues include investment income in addition to charges for sewer services (operating revenues). The investment income revenues are not specific to an individual program, but to the fund as a whole.

As shown in Table 2, revenues exceeded expenses by \$415,387 in 2023.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

As of December 31, 2023, the Township's governmental funds reported combined ending balances of \$25,712,834, an increase of \$435,201 from the prior year. Approximately \$15.7 million of the governmental fund balance constitutes unrestricted and unassigned fund balance of the governmental funds, which is available for spending at the Township's discretion. The Township has restricted and assigned \$9.9 million of the governmental fund balance, which means that it is not available for new spending because it has already been designated or restricted for: 1) open space acquisition, 2) capital improvements or 3) a variety of other purposes.

The Township maintains a General Fund which serves as the chief operating fund of the Township. As of December 31, 2023, the total fund balance of the General Fund was \$15,764,557, of which \$15,763,744 is unassigned. The fund balance increased \$911,501 from the prior year, primarily due to the continuation of strong tax revenues as well as an increase of \$324,654 in interest, dividends and rents. Overall expenditures increased by \$427,110 from the prior year but was still significantly less than revenues recognized.

The Township maintains a Capital Reserve Fund to account for capital acquisitions and construction separately from the ongoing activities. As of December 31, 2023, the fund balance totaled \$2,587,291, which is an increase of \$639,814 from the prior year.

The Township maintains Special Revenue Funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Open Space Fund and the Liquid Fuels Fund are two of the township's Special Revenue Funds. The Revenue source for the Open Space Fund is from an earned income tax of 0.125%, payable only by residents of the Township. Funds are used for the acquisition of land, parkland, natural resource protection and open space for the benefit of the public. As of December 31, 2023, the fund balance totaled \$3,291,979, which is a decrease of \$2,359,917 from the prior year, due to the Township's \$3 million contribution to Willistown Conservation Trust for their acquisition of "Kirkwood Farm". The farm is located at 944 Providence Road. The Revenue sources for the Liquid Fuels Fund include special assessments, grants from the Commonwealth of Pennsylvania, and interest earnings. During 2023, the Township received \$387,700 from the Commonwealth of Pennsylvania to pay for roadway repairs and maintenance, and had a fund balance of \$496,217.

The financial statements for the governmental funds can be found on pages 17 through 20 of this report.

Proprietary Funds

The Township's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail.

The net position of the Sewer Fund at the end of the year amounted to \$4,498,025. The total increase in net position was \$415,387.

The financial statements for the proprietary funds can be found on pages 21 through 23 of this report.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Fiduciary Funds

The Township maintains Pension Trust Funds, an OPEB Trust Fund and Agency Funds to account for assets held by the Township in a trustee capacity. The Pension Trust Funds' assets held pertain to the Police and Municipal Pension Plans. The OPEB Trust Fund's assets pertain to postemployment benefits other than pensions, including postemployment health insurance for police officers. The Custodial fund accounts for the escrow accounts held by the Township.

The financial statements for the fiduciary funds can be found on pages 24 and 25 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the Township's budget and actual results can be found on pages 54 and 55.

For 2023, there were no revisions to the General Fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's combined book value for its capital assets in its governmental and business-type activities as of December 31, 2023 amounts to \$24,851,618, net of accumulated depreciation. This includes land, buildings and improvements, machinery and equipment, vehicles, land improvements and infrastructure.

Long-term Debt

At December 31, 2023, the Township had \$10,195,000 in bonds outstanding (all of which is non-electoral debt) versus \$10,910,000 in the prior year - a decrease of \$715,000.

Willistown Township maintains an "Aa1" rating from Moody's for its current debt issuances.

Additional information about the Township's long-term debt can be found in Note E of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Township maintains a conservative approach to its revenue estimates. The number of real estate sales in the Township directly impacts the real estate transfer tax but has nominal impact on real estate property tax revenue.
- The following residential land developments are in progress:
 - Troutbeck Farm, located in the Malvern section of the Township. Is a development consisting of 34 single family homes. Construction is anticipated to carry into 2024.
 - Located off of West Chester Pike, Willistown Point will consist of 39 luxury carriage homes. Construction is also anticipated to continue into 2024.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

- The real estate tax millage of 0.28 mills is among the lowest in Chester County and remains unchanged. The property tax rate has not risen since before the turn of the century. Therefore, any new, unfunded mandates or structural changes to the underlying tax structure could have a significant impact on the millage rate.
- The Township's largest source of revenue in the General Fund is the Earned Income Tax, which continues to show signs of growth.
- The Earned Income Tax in the General Fund is levied at a rate of 0.875% on both residents and non-residents. All employers within the Township are required to withhold the Earned Income Tax and submit it to the Township's Earned Income Tax collector. The County-Wide Earned Income Tax Collector must transmit receipts from non-residents to the employees' place of residence. When the employees' place of residence does not impose the Earned Income Tax, Willistown retains those receipts. The Township remains concerned that one or more jurisdictions not currently imposing the Earned Income Tax may explore that option. This could result in a reduction in Earned Income Tax revenues for Willistown Township. Likewise, the Township administration remains concerned that the Great Valley School District may explore implementation of the Earned Income Tax, which would result in a 50% reduction in Earned Income Tax revenues to the Township. The Township administration will continue to monitor related events for any potential impact on Willistown's finances.
- On April 14, 2023, the Township adopted Resolution 11 of 2023, terminating the Asset Purchase Agreement with Aqua Pennsylvania Wastewater, Inc., without liability or obligation of either party.

All of these factors were considered in preparing the Township's budget for the 2024 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Willistown Township's finances for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Open Records Officer, Willistown Township, 688 Sugartown Road, Malvern, PA 19355.

In addition, general information relating to Willistown Township can be found on its website, <http://www.willistown.pa.us>.

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 24,169,707	\$ 3,190,573	\$ 27,360,280
Accounts receivable	163,781	853,902	1,017,683
Taxes receivable	3,555,652	-	3,555,652
Internal balances	402,605	(402,605)	-
Due from Fiduciary Funds	104,954	-	104,954
Prepaid items	813	33,055	33,868
Net OPEB asset	1,635,934	-	1,635,934
Capital assets not being depreciated			
Land	13,503,741	-	13,503,741
Construction in progress	545,320	53,716	599,036
Capital assets, net of accumulated depreciation			
Buildings and improvements	4,126,270	-	4,126,270
Infrastructure	1,123,360	-	1,123,360
Park buildings and equipment	519,958	-	519,958
Automobiles	309,206	-	309,206
Machinery and equipment	286,493	-	286,493
Sewer collection system	-	4,383,554	4,383,554
TOTAL ASSETS	50,447,794	8,112,195	58,559,989
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,628,723	-	1,628,723
Deferred amounts related to OPEB	901,538	-	901,538
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,530,261	-	2,530,261
LIABILITIES			
Accounts payable and other accrued liabilities	523,236	361,070	884,306
Accrued interest payable	8,196	4,392	12,588
Due to Fiduciary Funds	1,168	5,129	6,297
Unearned revenue	572,947	-	572,947
Bonds payable			
Due within one year	442,100	282,900	725,000
Due in more than one year	6,569,351	2,960,679	9,530,030
Compensated absences	110,099	-	110,099
Net pension liability	1,527,059	-	1,527,059
TOTAL LIABILITIES	9,754,156	3,614,170	13,368,326
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	7,332	-	7,332
Deferred amounts related to pensions	139,496	-	139,496
Deferred amounts related to OPEB	1,209,649	-	1,209,649
TOTAL DEFERRED INFLOWS OF RESOURCES	1,356,477	-	1,356,477
NET POSITION			
Net investment in capital assets	13,395,565	1,433,800	14,829,365
Restricted			
Public highways and streets	496,217	-	496,217
Open space acquisitions	3,291,979	-	3,291,979
Bridges	129,557	-	129,557
Unrestricted	24,554,104	3,064,225	27,618,329
TOTAL NET POSITION	\$ 41,867,422	\$ 4,498,025	\$ 46,365,447

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,359,667	\$ 35,534	\$ 335,638	\$ -
Public safety	6,658,947	953,026	141,279	-
Public works	1,604,642	96,738	387,700	63,659
Culture and recreation	398,082	6,500	-	-
Community development	3,000,000	-	-	-
Debt service	201,839	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	13,223,177	1,091,798	864,617	63,659
BUSINESS-TYPE ACTIVITIES				
Sewer	2,747,517	2,313,864	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 15,970,694	\$ 3,405,662	\$ 864,617	\$ 63,659

GENERAL REVENUES

Taxes

Real estate

Transfer tax

Earned income tax

Local service tax

Franchise fees

Investment earnings

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
\$ (988,495)	\$ -	\$ (988,495)
(5,564,642)	-	(5,564,642)
(1,056,545)	-	(1,056,545)
(391,582)	-	(391,582)
(3,000,000)	-	(3,000,000)
<u>(201,839)</u>	<u>-</u>	<u>(201,839)</u>
(11,203,103)	-	(11,203,103)
<u>-</u>	<u>(433,653)</u>	<u>(433,653)</u>
<u>(11,203,103)</u>	<u>(433,653)</u>	<u>(11,636,756)</u>
382,884	-	382,884
1,121,809	-	1,121,809
10,356,770	-	10,356,770
321,237	-	321,237
277,388	-	277,388
722,155	80,523	802,678
208,829	255,040	463,869
<u>(513,477)</u>	<u>513,477</u>	<u>-</u>
<u>12,877,595</u>	<u>849,040</u>	<u>13,726,635</u>
1,674,492	415,387	2,089,879
<u>40,192,930</u>	<u>4,082,638</u>	<u>44,275,568</u>
<u>\$ 41,867,422</u>	<u>\$ 4,498,025</u>	<u>\$ 46,365,447</u>

WILLISTOWN TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Capital Reserve Fund</u>
ASSETS			
Cash and cash equivalents	\$ 13,751,290	\$ 3,113,654	\$ 3,011,219
Taxes receivable	3,176,822	378,830	-
Other accounts receivable	163,781	-	-
Prepaid expenses	813	-	-
Due from other funds	714,493	-	-
Due from fiduciary funds	104,954	-	-
	<u>17,912,153</u>	<u>3,492,484</u>	<u>3,011,219</u>
TOTAL ASSETS	\$ <u>17,912,153</u>	\$ <u>3,492,484</u>	\$ <u>3,011,219</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 132,912	\$ -	\$ 364,851
Due to fiduciary funds	1,168	-	-
Due to other funds	53,747	-	59,077
Unearned revenue	572,947	-	-
	<u>760,774</u>	<u>-</u>	<u>423,928</u>
TOTAL LIABILITIES	<u>760,774</u>	<u>-</u>	<u>423,928</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, taxes	1,386,822	200,505	-
	<u>1,386,822</u>	<u>200,505</u>	<u>-</u>
FUND BALANCES			
Nonspendable	813	-	-
Restricted			
Public highways and streets	-	-	-
Open space acquisitions	-	3,291,979	-
Bridges	-	-	-
Assigned			
Capital purchases	-	-	2,587,291
Outfall water drainage	-	-	-
Unassigned	15,763,744	-	-
	<u>15,764,557</u>	<u>3,291,979</u>	<u>2,587,291</u>
TOTAL FUND BALANCES	<u>15,764,557</u>	<u>3,291,979</u>	<u>2,587,291</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>17,912,153</u>	\$ <u>3,492,484</u>	\$ <u>3,011,219</u>

See accompanying notes to the basic financial statements.

Stormwater Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,466,007	\$ 827,537	\$ 24,169,707
-	-	3,555,652
-	-	163,781
-	-	813
-	-	714,493
-	-	104,954
<u>\$ 3,466,007</u>	<u>\$ 827,537</u>	<u>\$ 28,709,400</u>
\$ 22,774	\$ 2,699	\$ 523,236
-	-	1,168
-	199,064	311,888
-	-	572,947
<u>22,774</u>	<u>201,763</u>	<u>1,409,239</u>
-	-	1,587,327
-	-	813
-	496,217	496,217
-	-	3,291,979
-	129,557	129,557
-	-	2,587,291
3,443,233	-	3,443,233
-	-	15,763,744
<u>3,443,233</u>	<u>625,774</u>	<u>25,712,834</u>
<u>\$ 3,466,007</u>	<u>\$ 827,537</u>	<u>\$ 28,709,400</u>

WILLISTOWN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 25,712,834
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>	
Land	13,503,741
Construction in progress	545,320
Buildings and improvements	5,547,961
Infrastructure	1,510,537
Park buildings and equipment	1,135,532
Automobiles	1,779,178
Machinery and equipment	1,624,301
Accumulated depreciation	(5,232,222)
<p>Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	1,587,327
<p>Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.</p>	
Deferred outflows related to pensions	1,628,723
Deferred outflows related to OPEB	901,538
Deferred inflows related to pensions	(139,496)
Deferred inflows related to OPEB	(1,209,649)
Net pension liability	(1,527,059)
Net OPEB asset	1,635,934
<p>Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. These liabilities consist of:</p>	
General obligation bonds payable	(6,992,900)
Accrued interest payable	(8,196)
Compensated absences	(110,099)
<p>Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Deferred gain on refunding	(7,332)
Premium on general obligation bonds	(18,551)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 41,867,422</u>

See accompanying notes to the basic financial statements.

This Page Intentionally Left Blank

WILLISTOWN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Capital Reserve Fund</u>
REVENUES			
Taxes			
Real estate taxes	\$ 382,884	\$ -	\$ -
Local services tax	321,785	-	-
Real estate transfer tax	1,121,809	-	-
Earned income tax	8,761,359	1,059,182	-
Fines, forfeitures and other costs	29,795	-	-
Cable franchise fees	277,388	-	-
Interest, dividends and rents	432,606	152,976	50,342
Intergovernmental	476,917	-	-
Park and recreation fees	12,655	-	-
Charges for services	1,046,240	-	-
Miscellaneous	211,937	-	-
TOTAL REVENUES	<u>13,075,375</u>	<u>1,212,158</u>	<u>50,342</u>
EXPENDITURES			
General government	1,272,396	15,815	429,893
Public safety	6,329,564	-	230,635
Public works	1,164,888	-	-
Culture and recreation	361,585	-	-
Community development	-	3,000,000	-
Debt service			
Principal payment	61,200	375,000	-
Interest and other charges	24,423	181,260	-
TOTAL EXPENDITURES	<u>9,214,056</u>	<u>3,572,075</u>	<u>660,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,861,319	(2,359,917)	(610,186)
OTHER FINANCING SOURCES (USES)			
Transfers in	63,659	-	1,250,000
Transfers out	<u>(3,013,477)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,949,818)</u>	<u>-</u>	<u>1,250,000</u>
NET CHANGE IN FUND BALANCES	911,501	(2,359,917)	639,814
FUND BALANCES AT BEGINNING OF YEAR	<u>14,853,056</u>	<u>5,651,896</u>	<u>1,947,477</u>
FUND BALANCES AT END OF YEAR	<u>\$ 15,764,557</u>	<u>\$ 3,291,979</u>	<u>\$ 2,587,291</u>

See accompanying notes to the basic financial statements.

Stormwater Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 382,884
-	-	321,785
-	-	1,121,809
-	-	9,820,541
-	-	29,795
-	-	277,388
61,825	24,406	722,155
63,659	387,700	928,276
-	-	12,655
-	-	1,046,240
-	-	211,937
125,484	412,106	14,875,465
-	-	1,718,104
-	-	6,560,199
186,102	292,393	1,643,383
-	1,633	363,218
-	-	3,000,000
-	-	436,200
-	-	205,683
186,102	294,026	13,926,787
(60,618)	118,080	948,678
1,250,000	-	2,563,659
(63,659)	-	(3,077,136)
1,186,341	-	(513,477)
1,125,723	118,080	435,201
2,317,510	507,694	25,277,633
\$ 3,443,233	\$ 625,774	\$ 25,712,834

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,190,573
Due from other funds	153
Accounts receivable	853,902
Prepaid expenses	33,055
TOTAL CURRENT ASSETS	<u>4,077,683</u>
NONCURRENT ASSETS	
Construction in progress	53,716
Sewer collection system	9,990,366
Less accumulated depreciation	<u>(5,606,812)</u>
TOTAL NONCURRENT ASSETS	<u>4,437,270</u>
TOTAL ASSETS	<u>\$ 8,514,953</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 361,070
Bonds payable	282,900
Due to fiduciary funds	5,129
Due to other funds	402,758
Accrued Interest	4,392
TOTAL CURRENT LIABILITIES	<u>1,056,249</u>
NONCURRENT LIABILITIES	
Bonds payable, net of current portion	<u>2,960,679</u>
TOTAL LIABILITIES	<u>4,016,928</u>
NET POSITION	
Net investment in capital assets	1,433,800
Unrestricted	3,064,225
TOTAL NET POSITION	<u>4,498,025</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,514,953</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIPSTATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer charges	\$ <u>2,217,856</u>
OPERATING EXPENSES	
Sewage treatment	1,395,715
Operations and maintenance	623,370
General and administrative	226,792
Depreciation and amortization	404,046
TOTAL OPERATING EXPENSES	<u>2,649,923</u>
OPERATING LOSS	<u>(432,067)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	80,523
Interest expense	(97,594)
Other	351,048
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>333,977</u>
INCOME BEFORE TRANSFERS	(98,090)
TRANSFERS IN	<u>513,477</u>
CHANGE IN NET POSITION	415,387
NET POSITION AT BEGINNING OF YEAR	<u>4,082,638</u>
NET POSITION AT END OF YEAR	<u>\$ <u>4,498,025</u></u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,223,731
Cash payments to employees for services	(431,857)
Cash payments to vendors for goods and services	(1,831,850)
NET CASH USED BY OPERATING ACTIVITIES	<u>(39,976)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Interfund transfers	<u>513,477</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(496,735)
Bond principal payments	(278,800)
Amortization of bonded debt	(13,424)
Interest paid	(97,594)
State reimbursements and other	351,048
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(535,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>80,523</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,519
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,172,054</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,190,573</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (432,067)
Adjustment for noncash charges to operations	
Depreciation and amortization	404,046
Changes in assets and liabilities	
Decrease in accounts receivable	6,119
Decrease in accounts payable	(15,930)
Decrease in unearned revenue	(1,900)
Decrease in accrued interest	(244)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (39,976)</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Police Pension Trust Fund</u>	<u>Municipal Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
ASSETS				
Cash and cash equivalents	\$ 31,889	\$ -	\$ -	\$ 405,372
Investments	22,482,257	1,962,231	5,657,884	-
Due from Township	-	4,860	-	1,437
Employee contributions receivable	9,889	-	-	-
Other receivable	-	-	-	-
Prepaid benefits	66,051	-	-	-
TOTAL ASSETS	\$ <u>22,590,086</u>	\$ <u>1,967,091</u>	\$ <u>5,657,884</u>	\$ <u>406,809</u>
LIABILITIES				
Due to Township	\$ -	\$ -	\$ -	\$ 104,954
NET POSITION				
Restricted for pension and OPEB benefits	22,590,086	1,967,091	5,657,884	-
Restricted for escrow activities	-	-	-	301,855
TOTAL NET POSITION	\$ <u>22,590,086</u>	\$ <u>1,967,091</u>	\$ <u>5,657,884</u>	\$ <u>301,855</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>Police Pension Trust Fund</u>	<u>Municipal Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS				
Contributions				
Employer	\$ 137,904	\$ 106,111	\$ -	\$ -
Commonwealth of Pennsylvania	291,394	-	-	-
Plan members	121,167	-	-	-
Developers	-	-	-	219,911
TOTAL CONTRIBUTIONS	<u>550,465</u>	<u>106,111</u>	<u>-</u>	<u>219,911</u>
Investment earnings				
Interest and dividends	479,341	-	118,145	10,754
Realized and unrealized gain on investments	2,951,957	272,042	741,179	-
Investment expenses	(38,031)	-	(9,502)	-
INVESTMENT EARNINGS, net	<u>3,393,267</u>	<u>272,042</u>	<u>849,822</u>	<u>10,754</u>
TOTAL ADDITIONS	<u>3,943,732</u>	<u>378,153</u>	<u>849,822</u>	<u>230,665</u>
DEDUCTIONS				
Benefits	1,060,556	-	-	-
Reallocation of forfeiture to plan participants	-	(35,974)	-	-
Forfeiture	-	4,195	-	-
Return of escrow payments	-	-	-	218,993
TOTAL DEDUCTIONS	<u>1,060,556</u>	<u>(31,779)</u>	<u>-</u>	<u>218,993</u>
CHANGE IN NET POSITION	2,883,176	409,932	849,822	11,672
NET POSITION AT BEGINNING OF YEAR	<u>19,706,910</u>	<u>1,557,159</u>	<u>4,808,062</u>	<u>290,183</u>
NET POSITION AT END OF YEAR	<u>\$ 22,590,086</u>	<u>\$ 1,967,091</u>	<u>\$ 5,657,884</u>	<u>\$ 301,855</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Willistown Township (“Township” or “Willistown”) is a second class township consisting of approximately 18 square miles, located in the eastern part of Chester County, Pennsylvania, five miles east of West Chester and approximately twenty miles from Philadelphia. Originally settled by Lenape Indians, Willistown was part of the 50,000 acre Welsh Tract surveyed by William Penn in 1684 and became a township in year 1704. The Township is governed by a three member Board of Supervisors and operates under the Willistown Township Administrative Code.

In accordance with the Governmental Accounting Standards Board (“GASB”), the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the Township is financially accountable. Willistown has also considered all other potential organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township’s financial statements to be misleading or incomplete. Based on the criteria set forth by the GASB, there are no other organizations or agencies which should be included in these basic financial statements.

Pension and OPEB Plans

The Township’s Pension Plans include the Police Pension Plan which is a single-employer defined benefit pension plan that provides pensions for all full-time police officers and the Non-Uniformed Pension Plan which is a single-employer defined contribution pension plan that provides pensions for full-time non-uniformed employees. The Township’s OPEB Plan is a single-employer defined healthcare plan providing medical, dental, and vision insurance benefits through the Township’s group health insurance plan to eligible police officers. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plans. The plans are reported as fiduciary funds.

Basis of Presentation and Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. In general, the effect of interfund activity has been eliminated from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The statement of activities demonstrates the degree to which direct expenses of a given function are offset mostly by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On the government-wide statement of net position and the statement of activities, information is presented using the economic resources measurement focus. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the government are reported. For the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of the related cash flows.

Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead, as general revenues.

Fund Financial Statements - The accounting system of the Township is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, revenues, and expenditures.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

In the fund financial statements, the funds are presented using the modified-accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. "Measurable" means that the amounts can be estimated or otherwise determined. The term "available" is limited to collection within 60 days of the fiscal year end. Expenses are recorded at the time liabilities are incurred.

Their reported fund balances (net current position) are considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of available spendable resources during a period.

Due to their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt (including bond premiums and discounts) are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property taxes, earned income tax, local services tax, franchise taxes and investment earnings are recorded as earned, since they are measurable and available for the next fiscal year. All other revenue items are not considered to be measurable and available until the cash is actually received.

Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major Governmental Funds:

General Fund - The Township's primary operating fund which accounts for all financial resources except those that are legally or administratively required to be accounted for in another fund.

Capital Reserve Fund - Accounts for accumulated excess funds which are used at the discretion of the Board of Supervisors for major capital acquisitions and construction.

Open Space Fund - Accounts for financial resources to be used for the acquisition of land, parkland, natural resource protection and open space for the benefit of the public.

Stormwater Infrastructure Fund - Accounts for capital projects costs related to stormwater infrastructure such as stormwater mitigation plans, repairs, and replacements.

The Township aggregates all nonmajor funds and reports the total in a separate column. Other governmental funds that the Township considers nonmajor funds are as follows:

Bartram Bridge Preservation Fund - Accounts for the costs associated with the preservation of the old, covered bridge that is shared between the Township and Newtown Square.

State Highway Fund - Required by state law to account for receipts from the State Motor License Fund and the transfer of funds to the General Fund to cover allowable highway related expenditures.

Proprietary/Enterprise Fund - Enterprise Funds fall under the umbrella of Proprietary Funds which account for operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods and services are financed or recovered through user charges. The Township maintains one Enterprise Fund which is the Sewer Fund.

Like the government wide financial statements, proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recorded when the liability is incurred, or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and goods in connection with the proprietary fund's principal operations.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal operating revenues of the Township's Sewer Fund are charges to customers for sewer rents. Operating expenses include the related treatment expense along with maintenance and administrative charges. Investment income and interest payments are treated as nonoperating income and expenses and are included under capital and related financing and investment activities in the Statement of Cash Flows.

Fiduciary Funds - Account for assets held by the Township in their capacity as trustee or as an agent for individuals, private organizations, other governments, and other funds. The Township includes the following as fiduciary funds:

- Police Pension Trust Fund - Accounts for the pension plan contributions and payment of retirement benefits for its police officers.
- Municipal Pension Trust Fund - Accounts for the pension plan contributions and payment of retirement benefits for its non-uniformed employees.
- OPEB Trust Fund - Accounts for the post-employment benefits plan contributions and payment of post-employment benefits for its police officers.
- Custodial Fund - The Township Custodial fund includes activity of the escrow funds. The fund is used to account for monies held by the Township for developer escrow deposits.

Budget - Pursuant to the Township's Administrative Code, the following budget procedures are followed:

- Budgets are legally adopted on an annual basis and are required for all funds except Trust and Custodial Funds.
- The Manager shall prepare an operating budget and submit it to the Board, not less than 45 days before the close of each fiscal year.
- After the budget has been available for public inspection for twenty days, the board shall, after making revisions as appropriate, adopt the final budget before the end of the current fiscal year.
- All annual appropriations lapse at the end of each fiscal year. However, at any time, the Board may authorize supplemental appropriations for operating expenditures if the Township Manager certifies that additional revenues are available for such purpose.
- The Board may make supplemental appropriations to meet an emergency and may issue temporary notes, in accordance with the Local Government Unit Debt Act, for such purpose.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - Cash and cash equivalents include demand deposits, money market funds, and all highly liquid investments with an original maturity date of ninety days or less unless they are included as a component of an investment account and with no restrictions on withdrawal. Cash equivalents are stated at cost, which approximates market.

Investments - Mutual funds and equity securities are reported at fair value in accordance with their net asset value or quoted market prices at the balance sheet date.

Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investments, it is at least possible that changes in risks in the near term could materially affect investment balances.

Receivables -The Township files a lien against any property for which current real estate taxes are not paid by December 31. Liens are also filed against properties for unpaid sewer bills. The Township has determined that all receivables are fully collectible and no allowance for doubtful accounts has been established.

Interfund Transactions - In connection with financing its operations, the Township conducts interfund transactions. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2023, appropriate interfund receivables or payables have been established.

Property, Plant and Equipment - Capital assets consist of land, buildings, improvements, machinery and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial cost of \$10,000 or more or infrastructure construction of \$25,000 or more and an estimated useful life in excess of one year. All capital assets are valued at historical cost except for donated capital assets which are recorded at their fair value at the time of the donation.

Expenditures for maintenance, repairs, and minor replacements are expensed as incurred. Replacements and betterments which increase the service capacity or prolong the service life beyond that originally contemplated are capitalized.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Infrastructure	20 years
Buildings and improvements	10 to 40 years
Sewer collection system	10 to 40 years
Machinery and equipment	3 to 10 years
Automobiles	5 to 7 years
Park buildings and equipment	10 to 40 years

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bond Premiums - In both the government-wide and the proprietary fund financial statements, bond premiums are deferred and amortized over the life of the bonds using the straight line method. Long-term debt is reported net of the applicable bond premium.

Bond issuance costs are reported as expenditures in the year in which they are occurred. In the fund financial statements, the debt proceeds and bond premiums are reported as other financing sources.

Compensated Absences - Uniform and non-uniform employees accumulate vacation and sick time based on certain eligibility requirements and years of service. Employees are allowed to carryover and/or elect to be paid for a certain portion of unused vacation time. Upon retirement, death or termination, the Township will pay for all unused vacation. No Township provision exists for the payment of unused sick time upon termination of employment. Vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if they are the result of an employee resignation or termination.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes and differences as described in Note F of the basic financial statements. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes and differences as described in Note H of the basic financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has four items that qualifies for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred amount on refunding is reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes and differences as described in Note F of the basic financial statements. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes and differences as described in Note H of the basic financial statements.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balances - In accordance with GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, the Township classifies its governmental fund balances into specifically defined classifications: restricted, committed, assigned, or unassigned. The Township permits funds to be expended in the following order: Committed, Assigned, and Unassigned. The following is an explanation of the various classifications:

Nonspendable Fund Balance - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form - such as prepaid insurance or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Restricted fund balances are restricted when constraints placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Township and cannot be used for any other purpose unless the Township removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The Board of Supervisors has the ability to commit funds for the Township. As of December 31, 2023, there were no committed balances.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., a budget or finance committee) or official to which the Township has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. As of December 31, 2023, no authority has been delegated to any individuals other than the specified parties referred to above.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Township itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position - Net position represents the difference between assets and liabilities and deferred inflows and outflows in the government-wide financial statements and proprietary and fiduciary fund financial statements. Net investment in capital assets represents capital assets, reduced by any outstanding debt obligations and deferred inflows of resources related to the acquisition, construction or improvement of those assets and increases by balances of deferred outflows of resources related to those assets. Net position is reported as restricted when limitations are imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted Net Position consists of net assets that do not meet the definition of "Restricted" or "Net investment in capital assets."

Real Estate Tax - Property taxes are levied on November 15 for general purposes on assessed value of real estate for which the 2023 assessment amounted to 0.28 Mills. The tax calendar follows:

Initial billing	February 1
Discount period	February 1 to March 31
Face period	April 1 to May 31
Penalty period	June 1 to December 31
Lien date	December 31

Local Earned Income Tax - In 1980, the Township imposed an earned income tax in the amount of 0.875% on all residents and nonresidents. In 1999, the Township increased the earned income tax by 0.125% designated as an element to be used for preservation and protection of open space, farmlands, parklands, and natural historic and scenic resources. The 0.125% element of earned income tax is payable only by residents of the Township.

Franchise Fees - The Township is engaged in a franchise fee arrangement with Verizon and Comcast for cable television services provided. Comcast and Verizon remit 5% of their gross revenue to Willistown.

Sewer Rates - In accordance with Ordinance 4 of 2007, residential and commercial customers are billed on a quarterly basis (January, April, July and October). The Sewer Fund is used to account for transactions related to the billing and collection of the sanitary sewer fees and expenditures related to the collection, conveyance and treatment of wastewater and operation of the sewer system.

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS

Deposits - In accordance with Section 708 of the Pennsylvania Second Class Township Code, the Township is required to deposit funds in banking institutions, located in the Commonwealth that are either insured with the Federal Deposit Insurance Corporation (“FDIC”) or with the National Credit Union Share Insurance Fund (“NCUSIF”). Willistown maintains its deposits at four financial institutions. Three of the institutions provides FDIC coverage of \$250,000 per depositor.

Deposits in excess of FDIC limits are secured by way of state law which requires all deposits in financial institutions in excess of federal insurance limits be fully collateralized by obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Pennsylvania Act 72 of 1971, as amended, permits banking institutions to satisfy this collateralization requirement by pooling securities pledged as collateral for public funds on deposit.

The Township utilizes a purchasing card program offered by the Pennsylvania Local Government Investment Trust (“PLGIT”) in which employees use a debit card with certain credit limits to make purchases. A PLGIT account, designated in the Township’s name, is used to operate this program. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that their objective is to maintain a stable net asset value of \$1 per share. PLGIT is also rated by a nationally recognized statistical rating organization and is subject to an independent annual audit, however there is no assurance that the net asset value will not vary from the \$1 per share. Additionally, since PLGIT is not a bank, it cannot use Act 72 to collateralize investments of its participants. The Township’s PLGIT account has been included with cash and cash equivalents in these financial statements.

At December 31, 2023, the bank balance of all Township funds on deposit with financial institutions, including Trust and Fiduciary Funds totaled \$28,120,675, of which, \$750,000 was covered by FDIC and \$27,336,074 was covered under Pennsylvania Act 72. The \$34,601 balance in the PLGIT money market account at December 31, 2023 was not covered by either FDIC or PA Act 72.

Investments - With the exception of the pension trust funds, state law authorizes the Township to invest in (1) United States Treasury Bills, (2) direct obligations of the United States and certain federal agencies, (3) cash accounts which are insured by the FDIC or by the NCUSIF, (4) money market funds that only trade in investments listed in items (1) through (3), or (5) certificates of deposit that are FDIC or NCUSIF insured. Investments held as of December 31, 2023 follow:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>
FIDUCIARY ACTIVITIES		
Equity mutual funds	\$ 20,032,799	\$ 20,032,799
Fixed income mutual funds	<u>8,107,342</u>	<u>8,107,342</u>
	<u>\$ 28,140,141</u>	<u>\$ 28,140,141</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township has Level 1 investments valued at quoted market prices consisting of equity mutual funds of \$20,032,799 and fixed income mutual funds of \$8,107,342.

In addition, the Township's Municipal Pension Trust Fund holds \$1,962,231 of investments in an insurance contract that is reported at contract value and is not categorized within the fair value hierarchy.

Concentration of Credit Risk - More than 5% of the Township's investments are in certain fixed income mutual funds and stocks and stock mutual funds. These investments include Vanguard Intermediate-Term Investment Grade Fund (VFIDX), Vanguard International Growth Fund (VWILX), Vanguard International Value Fund (VTRIX), Vanguard PRIMECAP Core Fund Investor Shares (VPCCX), Vanguard Short Term Investment Grade Fund (VFSUX), and Vanguard Total Stock Market Index Fund (VITSX) at 17%, 8%, 8%, 12%, 10%, and 24%, respectively, of the Township's total investments.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township's formal investment policy does not address interest rate risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. Government are not considered to have a credit risk attribute. As of December 31, 2023, the Township invested in cash, fixed income mutual funds, stocks and stock mutual funds all of which do not contain a credit rating.

The Township does not have a formal policy that addresses custodial credit risk, interest rate risk, or credit risk; however, the Township adheres to Commonwealth of Pennsylvania statutes and prudent business practices.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023, follows:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 13,503,741	\$ -	\$ -	\$ 13,503,741
Construction in progress	92,722	452,598	-	545,320
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	13,596,463	452,598	-	14,049,061
Capital assets being depreciated				
Buildings and improvements	5,427,298	120,663	-	5,547,961
Infrastructure	1,431,484	79,053	-	1,510,537
Park buildings and equipment	1,135,532	-	-	1,135,532
Automobiles	1,656,158	123,020	-	1,779,178
Machinery and equipment	1,580,134	44,167	-	1,624,301
TOTAL CAPITAL ASSETS BEING DEPRECIATED	11,230,606	366,903	-	11,597,509
Accumulated depreciation				
Buildings and improvements	(1,277,501)	(144,190)	-	(1,421,691)
Infrastructure	(311,650)	(75,527)	-	(387,177)
Park buildings and equipment	(580,277)	(35,297)	-	(615,574)
Automobiles	(1,326,612)	(143,360)	-	(1,469,972)
Machinery and equipment	(1,280,185)	(57,623)	-	(1,337,808)
TOTAL ACCUMULATED DEPRECIATION	(4,776,225)	(455,997)	-	(5,232,222)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	6,454,381	(89,094)	-	6,365,287
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 20,050,844	\$ 363,504	\$ -	\$ 20,414,348
	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Construction in progress	\$ 766,889	\$ 192,704	\$ (905,877)	\$ 53,716
Capital assets being depreciated				
Sewer collection system	8,780,458	1,209,908	-	9,990,366
Accumulated depreciation				
Sewer collection system	(5,202,766)	(404,046)	-	(5,606,812)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	3,577,692	805,862	-	4,383,554
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 4,344,581	\$ 998,566	\$ (905,877)	\$ 4,437,270

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE C - CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 66,458
Public safety	231,106
Public works	123,135
Culture and recreation	<u>35,298</u>
	<u>\$ 455,997</u>

All of the depreciation expense in business-type activities was charged to the sewer fund.

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Balances due to/from other funds at December 31, 2023 consist of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 714,493	\$ 53,747
Open Space Fund	-	-
State Highway Fund	-	199,064
Capital Reserve Fund	-	59,077
BUSINESS-TYPE ACTIVITIES		
Sewer Fund	<u>153</u>	<u>402,758</u>
	<u>\$ 714,646</u>	<u>\$ 714,646</u>

Interfund balances generally result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The composition of interfund transfers included in the basic financial statements is as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 3,013,477	\$ 63,659
Capital Reserve Fund	-	1,250,000
Stormwater Infrastructure Fund	63,659	1,250,000
Sewer Fund	<u>-</u>	<u>513,477</u>
	<u>\$ 3,077,136</u>	<u>\$ 3,077,136</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE E - LONG-TERM DEBT

On October 22, 2012, General Obligation Bonds, Series 2012, in the amount of \$9,405,000 were issued for the purpose of currently refunding the 2007 General Obligation Bonds and to pay the costs of issuing the bonds. The bonds mature in annual principal amounts ranging from \$5,000 in 2013, with a final principal payment of \$535,000 in 2037. The bonds bear interest at rates ranging from 1% to 3.3%

On June 20, 2013, General Obligation Bonds, Series 2013, in the amount of \$7,325,000 were issued for the purposes of refunding the 2001 and 2008 General Obligation Bonds to fund the construction of the police building and sewer system improvements, and to pay the costs of issuing the bonds. The bonds mature in annual principal amounts ranging from \$280,000 in 2013, with a final principal payment of \$450,000 in 2033. The bonds bear interest at rates ranging from 0.5% to 4%.

A summary of the bonds and note payable activity for the year ended December 31, 2023 follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable					
General Obligation Bonds					
Series of 2012	\$ 6,665,000	\$ -	\$ (375,000)	\$ 6,290,000	\$ 380,000
Series of 2013	764,100	-	(61,200)	702,900	62,100
Premiums on bonds	21,498	-	(2,947)	18,551	-
Total bonds payable	<u>7,450,598</u>	<u>-</u>	<u>(439,147)</u>	<u>7,011,451</u>	<u>442,100</u>
Net pension liability	2,837,507	-	(1,310,448)	1,527,059	-
Compensated absences	104,250	5,849	-	110,099	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 10,392,355</u>	<u>\$ 5,849</u>	<u>\$ (1,749,595)</u>	<u>\$ 8,648,609</u>	<u>\$ 442,100</u>
BUSINESS-TYPE ACTIVITIES					
Bonds payable					
General Obligation Bonds					
Series of 2013	\$ 3,480,900	\$ -	\$ (278,800)	\$ 3,202,100	\$ 282,900
Premiums on bonds	54,903	-	(13,424)	41,479	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 3,535,803</u>	<u>\$ -</u>	<u>\$ (292,224)</u>	<u>\$ 3,243,579</u>	<u>\$ 282,900</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE E - LONG-TERM DEBT

Scheduled future principal and interest maturities with respect to all bond obligations at December 31, 2023 follow:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2024	\$ 725,000	\$ 302,118	\$ 1,027,118
2025	745,000	286,357	1,031,357
2026	765,000	269,435	1,034,435
2027	775,000	251,492	1,026,492
2028	795,000	231,950	1,026,950
2029 to 2033	4,340,000	778,709	5,118,709
2034 to 2037	<u>2,050,000</u>	<u>168,362</u>	<u>2,218,362</u>
	<u>\$ 10,195,000</u>	<u>\$ 2,288,423</u>	<u>\$ 12,483,423</u>

The future principal and interest maturities allocation between the governmental and business-type funds is summarized below:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 442,100	\$ 196,711	\$ 282,900	\$ 105,407
2025	453,900	187,174	291,100	99,183
2026	465,700	177,093	299,300	92,342
2027	471,600	166,483	303,400	85,009
2028	483,400	154,829	311,600	77,121
2029 to 2033	2,626,200	567,640	1,713,800	211,069
2034 to 2037	<u>2,050,000</u>	<u>168,362</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,992,900</u>	<u>\$ 1,618,292</u>	<u>\$ 3,202,100</u>	<u>\$ 670,131</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Summary of Significant Accounting Policies

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

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does issue separate, stand-alone financial statements.

Management of the Police Pension Plan is vested in the Board of Township Supervisors. The Township Supervisors are responsible for advising, reviewing, monitoring, and making recommendations as to the administrative, operation and investment of the Police Pension Plan. The Board of Township Supervisors has delegated the authority to manage Plan assets to the Vanguard Group.

Plan Membership - At December 31, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>16</u>
	<u><u>33</u></u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Benefits Provided

Eligibility Requirements - A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of service. A member is eligible for early retirement after 20 years of services under Act 24. Members are 100% vested after 12 years of service.

Retirement Benefit - 50% of final 36 months of average compensation plus a service increment of an additional \$100 per month for the completion of 26 or more years of service up to a maximum of \$100 per month.

Survivor Benefit - If retired or eligible for retirement or vested - 65% of benefit to surviving spouse or child under age 23, commencing at member's normal retirement date. The survivor of a member who is not vested shall receive a return of employee contributions plus interest.

Disability Benefit Service Related - 65% of salary at time of disability offset by social security benefits received for same injury, reduced to 50% at normal retirement date.

Post Retirement Adjustments - Members retiring after January 1, 1997 will receive a cost of living increase provided in accordance with Act 600 subject to a 10% lifetime cap. Effective January 1, 2000, the cap was increased to 30%.

Pre Act 44 Deferred Retirement Option Program - 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 60 months.

Contributions - The authority under which obligations to contribute to the Police Pension Plan by the plan members, employer and other contributing entities are established or may be amended include Act 600 and Act 205 (the "Act") of the Commonwealth of Pennsylvania and Willistown Township Ordinances. The Act requires that annual contributions be based upon the calculation of the minimum municipal obligation ("MMO"). The MMO is based upon the biennial actuarial valuation.

As a condition of participation, participants are required to make contributions to the Plan. The amount of the contribution is equal to 5% of the participant's pay.

The Township allocates state aid received from the Commonwealth of Pennsylvania to the Plan. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute \$429,298 to the plan for the year 2023. The Township's actual contributions for the plan year 2023 were \$429,298.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors, with input from the Pension Advisory Board. It is the policy of the Township Board of Supervisors to pursue an investment strategy that reduces risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The following was the Committee's adopted asset allocation policy as of December 31, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic stocks	49%
International stocks	21%
Bonds	30%
	<u>100%</u>

Concentrations - At December 31, 2023, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 17.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension (Asset) Liability of the Township

The components of the net pension (asset) liability of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 24,117,145
Plan fiduciary net position	<u>(22,590,086)</u>
NET PENSION LIABILITY	\$ <u>1,527,059</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.67%</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation at January 1, 2023 with update procedures used to roll forward to the plan's fiscal plan year ending December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5% annual increase
Investment rate of return	6.00%

Mortality rates were based on the PUBS-2010 Mortality Tables with generational improvement using Scale MP-2020.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	2.20%
International stocks	5.40%
Bonds	2.00%

Discount Rate - The discount rate is based on the long-term expected rate of return on pension plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Changes in the Net Pension (Asset) Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2022	\$ 22,544,417	\$ 19,706,910	\$ 2,837,507
Changes for the year			
Service cost	621,794	-	621,794
Interest cost	1,358,156	-	1,358,156
Changes for experience	744,815	-	744,815
Changes of assumptions	(91,481)	-	(91,481)
Contributions			
Employer	-	429,298	(429,298)
Member	-	121,167	(121,167)
Net investment income (loss)	-	3,393,267	(3,393,267)
Benefit payments	(1,060,556)	(1,060,556)	-
Net changes	<u>1,572,728</u>	<u>2,883,176</u>	<u>(1,310,448)</u>
Balances at December 31, 2023	<u>\$ 24,117,145</u>	<u>\$ 22,590,086</u>	<u>\$ 1,527,059</u>

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate - The following presents the net pension (asset) liability of the Township, calculated using the discount rate of 6.00%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability	<u>\$ 4,809,221</u>	<u>\$ 1,527,059</u>	<u>\$ (1,175,480)</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Township recognized pension expense of \$877,372. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 472,900	\$ 81,412
Changes in assumptions	590,175	58,084
Net difference between projected and actual earnings on pension plan investments	<u>565,648</u>	<u> </u>
TOTAL	<u>\$ 1,628,723</u>	<u>\$ 139,496</u>

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

<u>Year Ending December 31,</u>	
2024	\$ 490,065
2025	633,138
2026	707,550
2027	(341,526)

Deferred Option Retirement Program (“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 60 months. The monthly pension shall be calculated as of the date of the participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. As of December 31, 2023, there were three members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$1,049,669.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE G - NON-UNIFORM PENSION PLAN

Plan Description

The Willistown Township Non-Uniformed Pension Plan is a single-employer defined contribution pension plan which provides benefits for its non-uniform employees. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant's account and related returns on investments of those contributions. The Plan was established by Ordinance 5-1985 effective January 1, 1985. The Plan was restated by Ordinance No. 6 of 1995, as amended effective January 18, 1995. The Plan is governed by the Board of Township Supervisors which may amend plan provisions, and which is responsible for the management of Plan assets. The Board of Township Supervisors has delegated the authority to manage certain Plan assets to Nationwide Investment Services Corporation. The Plan does not issue separate, stand-alone financial statements.

Funding Policy

The Township will contribute into the Plan, for each eligible Participant, an amount equal to 6.0% of their covered compensation. Participants are not required to contribute to the Plan; however, voluntary contributions are permitted. In addition to the Township contribution made to Participant's account, their account will be credited annually with the pro-rata share of the investment earnings or losses of the Plan and any investment related expenses. The Township, if eligible, may allocate State Aid received from the Commonwealth of Pennsylvania to the Plan. Forfeitures due to non-vested terminations are to be used to reduce the Township's contributions to the Plan. To the extent that these fundings are not adequate to cover the Township's obligation to the Plan, the Township would then be required to contribute.

The Township made contributions of \$106,111 for the year ending December 31, 2023.

At December 31, 2023, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Summary of Significant Accounting Policies - The OPEB Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's OPEB Plan is presented on the accrual basis of accounting. Employer contributions to each plan are recognized when due.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Township offers a single-employer defined benefit healthcare plan providing medical, dental, and vision insurance benefits through the Township’s group health insurance plan to eligible police officers. Additionally, certain eligible Township employees and former police chiefs are also covered by the plan and are allowed to continue the same coverage they received prior to retirement for the remainder of their lives including Medicare supplement payments that are due after age 65. The plan does not issue a publicly available financial report.

Management of the Plan is vested in the Board of Township Supervisors. The Township Supervisors are responsible for advising, reviewing, monitoring and making recommendations as to the administrative, operation and investment of the Police Pension Plan. The Board of Township Supervisors has delegated the authority to manage Plan assets to Wells Fargo.

Plan Membership - At December 31, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>18</u>
	<u><u>25</u></u>

Benefits Provided - Upon retirement at age 50 and the completion of 25 years of service, a police officer would be entitled to single health coverage from his date of retirement to age 65. In addition, former police chiefs are allowed to continue the same coverage they received prior to their retirement for the rest of their life. This would include and Medicare supplement payments that would be due after age 65.

Funding Policy - Member contributions are not required under the plan. The contribution requirements of plan members are established and may be amended by the Board of Supervisors. The Township is accounting for these expenditures on a “pay-as-you-go” basis. The costs of administering the plans are paid by the Township.

Investments

Investment Policy - The plan’s policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors, with input from the Pension Advisory Board. It is the policy of the Township Board of Supervisors to pursue an investment strategy that reduces risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The following was the adopted asset allocation policy as of December 31, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic stocks	49%
International stocks	21%
Bonds	30%
	<u>100%</u>

Concentrations - At December 31, 2023, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 17.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB (Asset) Liability of the Township - The components of the net OPEB (asset) liability of the Township at December 31, 2023, were as follows:

Total OPEB liability	\$ 4,021,950
Plan fiduciary net position	<u>(5,657,884)</u>
NET OPEB ASSET	\$ <u>(1,635,934)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>140.68%</u>

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation at January 1, 2022 with update procedures used to roll forward to the plan's fiscal plan year ending December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5.0% annual increase
Investment rate of return	6.0%

The healthcare cost trend rate is 7.0%, decreasing by 0.5% per year to an ultimate rate of 5.0%.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Mortality rates were based on the 2010 Public Safety Mortality Table using Scale MP-2020.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Stocks	6.0%
Bonds	6.0%
Cash	0.00% - 1.00%

Discount Rate - The discount rate used to measure the total OPEB liability was 6.00%. The discount rate is based on the long-term expected rate of return on pension plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Changes in the Net OPEB (Asset) Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2022	\$ 3,885,224	\$ 4,808,062	\$ (922,838)
Changes for the year			
Service cost	62,278	-	62,278
Interest cost	236,850	-	236,850
Changes for experience	(79,648)	-	(79,648)
Changes in assumptions	61,311	-	61,311
Employer contributions	-	-	-
Net investment income (loss)	-	859,324	(859,324)
Benefit payments	-	-	-
Administrative expenses	-	(9,502)	9,502
Other changes	(144,065)	-	(144,065)
Net changes	<u>136,726</u>	<u>849,822</u>	<u>(713,096)</u>
Balances at December 31, 2023	<u>\$ 4,021,950</u>	<u>\$ 5,657,884</u>	<u>\$ (1,635,934)</u>

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate - The following presents the net OPEB (asset) liability of the Township, calculated using the discount rate of 6.00%, as well as what the Township's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB asset	\$ <u>(1,246,884)</u>	\$ <u>(1,635,934)</u>	\$ <u>(1,967,098)</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB (asset) liability of the Township, as well as what the Township's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	Current Medical Inflation Rate	1% <u>Increase</u>
Net OPEB asset	\$ <u>(2,030,935)</u>	\$ <u>(1,635,934)</u>	\$ <u>(1,167,377)</u>

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

For the year ended December 31, 2023, the Township recognized OPEB expense of \$(209,920). At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 765,581	\$ 1,209,649
Changes of assumptions	<u>135,956</u>	<u>-</u>
Total	\$ <u>901,537</u>	\$ <u>1,209,649</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

<u>Year Ending</u> <u>December 31,</u>	
2024	\$ (146,840)
2025	9,819
2026	93,877
2027	(161,317)
2028	(43,377)
Thereafter	(60,274)

NOTE I - SEWAGE TREATMENT AGREEMENTS

Valley Forge Sewage Treatment Agreement - The Township joined with several other municipalities on November 1, 1970 to form the Valley Forge Sewer Authority (“VFSA”) for the construction and operation of sanitary sewer collection. VFSA provides sewage treatment services to all or portions of the member municipalities and the area served by the Township.

VFSA’s normal operating costs are allocated among the participants based upon their proportionate share of sewage in relation to the total amount of sewage treated by VFSA. The agreement calls for quarterly estimated payments based on the estimated operating expenses. Any amounts advanced in excess of actual costs incurred are refundable and likewise, any amounts underpaid are due. VFSA’s charges for treatment operating costs totaled \$723,191 for the year ended December 31, 2023.

Capital construction and plant upgrade costs are assessed based upon the percentages of plant capacity attributed to each member. The Township’s payments to VFSA for capital construction and plant upgrades are capitalized and depreciated over a period of 40 years.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE J - RISK MANAGEMENT AND COMMITMENTS

Risk Management - The Township is subject to various risks of loss arising from torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Township purchases commercial insurance. No settlements have exceeded coverage during the year ended December 31, 2023.

Litigation - The Township is involved in certain claims and legal actions which arise in the ordinary course of business. In the opinion of management and legal counsel, there are no such matters pending that are expected to be material in relation to the Township's financial condition or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 367,500	\$ 367,500	\$ 382,884	\$ 15,384
Transfer taxes	690,000	690,000	1,121,809	431,809
Earned income taxes	6,650,000	6,650,000	8,761,359	2,111,359
Local services taxes	280,000	280,000	321,785	41,785
Cable franchise fees	290,000	290,000	277,388	(12,612)
Fines and forfeitures	19,100	19,100	29,795	10,695
Investment income/rental income	111,000	111,000	432,606	321,606
Intergovernmental	456,050	456,050	476,917	20,867
Park and recreation fees	14,000	14,000	12,655	(1,345)
Charges for services	564,300	564,300	1,046,240	481,940
Miscellaneous	31,504	31,504	211,937	180,433
TOTAL REVENUES	<u>9,473,454</u>	<u>9,473,454</u>	<u>13,075,375</u>	<u>3,601,921</u>
EXPENDITURES				
General government	1,196,535	1,196,535	1,272,396	75,861
Public safety	6,659,823	6,659,823	6,329,564	(330,259)
Public works	1,134,763	1,134,763	1,164,888	30,125
Culture and recreation	530,710	530,710	361,585	(169,125)
Debt service				
Principal payment	61,200	61,200	61,200	-
Interest and other charges	24,423	24,423	24,423	-
TOTAL EXPENDITURES	<u>9,607,454</u>	<u>9,607,454</u>	<u>9,214,056</u>	<u>(393,398)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(134,000)</u>	<u>(134,000)</u>	<u>3,861,319</u>	<u>3,995,319</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	147,000	147,000	63,659	(83,341)
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(3,013,477)</u>	<u>(3,003,477)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>137,000</u>	<u>137,000</u>	<u>(2,949,818)</u>	<u>(3,086,818)</u>
NET CHANGE IN FUND BALANCE				
	3,000	3,000	911,501	908,501
FUND BALANCE AT BEGINNING OF THE YEAR				
	<u>14,853,056</u>	<u>14,853,056</u>	<u>14,853,056</u>	<u>-</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ 14,856,056</u>	<u>\$ 14,856,056</u>	<u>\$ 15,764,557</u>	<u>\$ 908,501</u>

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Earned income tax	\$ 750,000	\$ 750,000	\$ 1,059,182	\$ 309,182
Investment income	60,000	60,000	152,976	92,976
TOTAL REVENUES	<u>810,000</u>	<u>810,000</u>	<u>1,212,158</u>	<u>402,158</u>
EXPENDITURES				
General government	1,000	1,000	15,815	14,815
Community development	-	-	3,000,000	3,000,000
Debt service				
Principal payments	375,000	375,000	375,000	-
Interest	181,260	181,260	181,260	-
TOTAL EXPENDITURES	<u>557,260</u>	<u>557,260</u>	<u>3,572,075</u>	<u>3,014,815</u>
NET CHANGE IN FUND BALANCE	252,740	252,740	(2,359,917)	(2,612,657)
FUND BALANCE AT BEGINNING OF THE YEAR	<u>5,651,896</u>	<u>5,651,896</u>	<u>5,651,896</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,904,636</u>	<u>\$ 5,904,636</u>	<u>\$ 3,291,979</u>	<u>\$ (2,612,657)</u>

This Page Intentionally Left Blank

WILLISTOWN TOWNSHIP

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

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service cost	\$ 621,794	\$ 428,162	\$ 381,033	\$ 320,205
Interest	1,358,156	1,308,774	1,307,286	1,265,530
Differences between expected and actual experience	744,815	(71,104)	(140,725)	(75,841)
Changes of assumptions	(91,481)	-	1,845,867	-
Benefit payments	<u>(1,060,556)</u>	<u>(1,012,292)</u>	<u>(977,514)</u>	<u>(926,716)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,572,728	653,540	2,415,947	583,178
TOTAL PENSION LIABILITY, BEGINNING	<u>22,544,417</u>	<u>21,890,877</u>	<u>19,474,930</u>	<u>18,891,752</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 24,117,145</u>	<u>\$ 22,544,417</u>	<u>\$ 21,890,877</u>	<u>\$ 19,474,930</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ 429,298	\$ 358,425	\$ 803,159	\$ 849,513
Member	121,167	119,587	98,075	91,361
Net investment income (loss)	3,393,267	(3,826,055)	2,542,181	3,104,078
Benefit payments, including refunds of member contributions	(1,060,556)	(1,012,292)	(977,514)	(926,716)
Administrative expense	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,883,176	(4,360,335)	2,465,901	3,118,236
Plan fiduciary net position, beginning	<u>19,706,910</u>	<u>24,067,245</u>	<u>21,601,344</u>	<u>18,483,108</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 22,590,086</u>	<u>\$ 19,706,910</u>	<u>\$ 24,067,245</u>	<u>\$ 21,601,344</u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ 1,527,059</u>	<u>\$ 2,837,507</u>	<u>\$ (2,176,368)</u>	<u>\$ (2,126,414)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>93.67%</u>	<u>87.41%</u>	<u>109.94%</u>	<u>110.92%</u>
COVERED PAYROLL	<u>\$ 2,289,024</u>	<u>\$ 1,946,976</u>	<u>\$ 1,688,368</u>	<u>\$ 2,004,993</u>
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>66.71%</u>	<u>145.74%</u>	<u>-128.90%</u>	<u>-106.06%</u>

Changes of assumptions: In 2023, the mortality table was changed to 2010 Public Safety Table with Scale MP-2020. In 2021, the investment rate of return assumption was changed from 6.75% to 6.00%. In 2019, the investment rate of return was changed from 7.0% to 6.75% and the mortality assumption was changed from Scale AA to Scale BB. In 2017, the investment rate of return assumption was changed from 7.25% to 7.0%. In 2015, the investment rate of return assumption was changed from 7.5% to 7.25%. In 2015, the mortality assumption was changed from Scale BB to Scale AA.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	387,236	\$ 310,949	\$ 310,646	\$ 300,796	\$ 371,345	\$ 329,596
	1,209,053	1,158,324	1,129,676	1,104,355	980,854	925,637
	248,714	(86,831)	(771,811)	178,091	586,760	10,626
	530,997	-	467,952	-	420,950	-
	<u>(738,392)</u>	<u>(729,658)</u>	<u>(725,373)</u>	<u>(649,322)</u>	<u>(522,475)</u>	<u>(411,856)</u>
	1,637,608	652,784	411,090	933,920	1,837,434	854,003
	<u>17,254,144</u>	<u>16,601,360</u>	<u>16,190,270</u>	<u>15,256,350</u>	<u>13,418,916</u>	<u>12,564,913</u>
\$	<u>18,891,752</u>	<u>17,254,144</u>	<u>16,601,360</u>	<u>16,190,270</u>	<u>15,256,350</u>	<u>13,418,916</u>
\$	737,199	\$ 710,750	\$ 758,659	\$ 650,760	\$ 676,635	\$ 659,842
	98,125	90,574	83,037	85,697	96,726	99,343
	3,257,476	(923,139)	2,456,672	920,691	18,529	707,808
	(738,392)	(729,658)	(725,373)	(649,322)	(522,475)	(421,292)
	-	-	-	-	(1,600)	(1,740)
	3,354,408	(851,473)	2,572,995	1,007,826	267,815	1,043,961
	<u>15,128,700</u>	<u>15,980,173</u>	<u>13,407,178</u>	<u>12,399,352</u>	<u>12,131,537</u>	<u>11,087,576</u>
\$	<u>18,483,108</u>	<u>15,128,700</u>	<u>15,980,173</u>	<u>13,407,178</u>	<u>12,399,352</u>	<u>12,131,537</u>
\$	<u>408,644</u>	<u>2,125,444</u>	<u>621,187</u>	<u>2,783,092</u>	<u>2,856,998</u>	<u>1,287,379</u>
	<u>97.84%</u>	<u>87.68%</u>	<u>96.26%</u>	<u>82.81%</u>	<u>81.27%</u>	<u>90.41%</u>
\$	<u>1,874,246</u>	<u>1,676,423</u>	<u>1,750,000</u>	<u>1,898,190</u>	<u>2,085,220</u>	<u>1,968,028</u>
	<u>21.80%</u>	<u>126.78%</u>	<u>35.50%</u>	<u>146.62%</u>	<u>137.01%</u>	<u>65.41%</u>

WILLISTOWN TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 429,298	\$ 358,425	\$ 803,159	\$ 849,513
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>429,298</u>	<u>358,425</u>	<u>803,159</u>	<u>849,513</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,289,024</u>	<u>\$ 1,946,976</u>	<u>\$ 1,688,368</u>	<u>\$ 2,004,993</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>18.75%</u>	<u>18.41%</u>	<u>47.57%</u>	<u>42.37%</u>

NOTES TO SCHEDULE

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	0 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	6.00%
Retirement age	Normal retirement age
Mortality	PUBS-2010 Mortality Table with Scale MP-2020

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 737,199	\$ 710,750	\$ 608,659	\$ 650,760	\$ 676,635	\$ 659,842
<u>737,199</u>	<u>710,750</u>	<u>758,659</u>	<u>650,760</u>	<u>676,635</u>	<u>659,842</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>(150,000)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>1,874,246</u>	\$ <u>1,676,423</u>	\$ <u>1,750,000</u>	\$ <u>1,898,190</u>	\$ <u>2,085,220</u>	\$ <u>1,968,028</u>
<u>39.33%</u>	<u>42.40%</u>	<u>43.35%</u>	<u>34.28%</u>	<u>32.45%</u>	<u>33.53%</u>

WILLISTOWN TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>17.22%</u>	<u>-15.90%</u>	<u>11.77%</u>	<u>16.79%</u>	<u>21.53%</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>-5.78%</u>	<u>18.32%</u>	<u>7.43%</u>	<u>15.00%</u>	<u>6.13%</u>

WILLISTOWN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET OPEB
PLAN (ASSET) LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 62,278	\$ 66,690	\$ 69,108
Interest	236,850	245,615	234,942
Differences between expected and actual experience	(79,648)	(312,732)	(60,901)
Changes of assumptions	61,311	-	-
Benefit payments	-	-	(125,690)
Other changes	(144,065)	(141,245)	-
NET CHANGE IN TOTAL OPEB LIABILITY	<u>136,726</u>	<u>(141,672)</u>	<u>117,459</u>
TOTAL OPEB LIABILITY, BEGINNING	<u>3,885,224</u>	<u>4,026,896</u>	<u>3,909,437</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 4,021,950</u>	<u>\$ 3,885,224</u>	<u>\$ 4,026,896</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ -	\$ -	\$ 132,023
Net investment income (loss)	859,324	(931,414)	620,378
Benefit payments, including refunds of member contributions	-	-	(125,690)
Administrative expense	(9,502)	(6,217)	(6,453)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>849,822</u>	<u>(937,631)</u>	<u>620,258</u>
Plan fiduciary net position, beginning	<u>4,808,062</u>	<u>5,745,693</u>	<u>5,125,435</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 5,657,884</u>	<u>\$ 4,808,062</u>	<u>\$ 5,745,693</u>
NET OPEB (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ (1,635,934)</u>	<u>\$ (922,838)</u>	<u>\$ (1,718,797)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>140.68%</u>	<u>123.75%</u>	<u>142.68%</u>
COVERED PAYROLL	<u>\$ 3,056,901</u>	<u>\$ 3,001,912</u>	<u>\$ 2,692,391</u>
NET OPEB (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>-53.52%</u>	<u>-30.74%</u>	<u>-63.84%</u>

NOTE TO SCHEDULE

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$	64,273	\$ 59,368	\$ 75,409	\$ 78,349
	248,934	268,086	253,375	233,901
	(235,467)	(605,950)	(92,537)	44,468
	339,765	-	-	-
	-	-	(20,114)	(131,042)
	-	-	-	-
	<u>417,505</u>	<u>(278,496)</u>	<u>216,133</u>	<u>225,676</u>
	<u>3,491,932</u>	<u>3,770,428</u>	<u>3,554,295</u>	<u>3,328,619</u>
\$	<u><u>3,909,437</u></u>	<u><u>3,491,932</u></u>	<u><u>3,770,428</u></u>	<u><u>3,554,295</u></u>
\$	132,023	\$ 132,023	\$ 185,124	\$ 435,124
	805,057	660,302	(93,329)	295,393
	-	-	(20,114)	(131,042)
	<u>(5,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	931,328	792,325	71,681	599,475
	<u>4,194,107</u>	<u>3,401,782</u>	<u>3,330,101</u>	<u>2,730,626</u>
\$	<u><u>5,125,435</u></u>	<u><u>4,194,107</u></u>	<u><u>3,401,782</u></u>	<u><u>3,330,101</u></u>
\$	<u><u>(1,215,998)</u></u>	<u><u>(702,175)</u></u>	<u><u>368,646</u></u>	<u><u>224,194</u></u>
	<u>131.10%</u>	<u>120.11%</u>	<u>90.22%</u>	<u>93.69%</u>
\$	<u><u>2,663,569</u></u>	<u><u>2,663,569</u></u>	<u><u>2,586,362</u></u>	<u><u>2,364,851</u></u>
	<u><u>-45.65%</u></u>	<u><u>-26.36%</u></u>	<u><u>14.25%</u></u>	<u><u>9.48%</u></u>

WILLISTOWN TOWNSHIP
SCHEDULE OF OPEB PLAN CONTRIBUTIONS
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>-</u>	<u>132,023</u>
Excess contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,023)</u>
Covered payroll	<u>\$ 3,056,901</u>	<u>\$ 3,001,912</u>	<u>\$ 2,692,391</u>
Contribution as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>4.90%</u>

NOTES TO SCHEDULE

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age, normal
Amortization method	Percentage of pay, closed
Medical inflation rate	7% increase the first year, decreasing by 0.50% per year to an ultimate rate of 5.00%
Asset valuation method	Market value
Inflation	3.00%
Wage inflation	3.50%
Salary increases	5.00%, average, including inflation
Long-term investment rate of return	6.00%
Retirement age	Age 55 and 28 years of service
Mortality	2010 Public Safety Mortality Table using Scale MP-2020

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ -	\$ 58,595	\$ 85,197	\$ 85,197
<u>132,023</u>	<u>132,023</u>	<u>185,124</u>	<u>435,124</u>
\$ <u>(132,023)</u>	\$ <u>(73,428)</u>	\$ <u>(99,927)</u>	\$ <u>(349,927)</u>
\$ <u>2,663,569</u>	\$ <u>2,663,569</u>	\$ <u>2,586,362</u>	\$ <u>2,364,851</u>
<u>4.96%</u>	<u>4.96%</u>	<u>7.16%</u>	<u>18.40%</u>

WILLISTOWN TOWNSHIP**SCHEDULE OF OPEB PLAN INVESTMENT RETURNS****LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	<u>17.89%</u>	<u>-16.31%</u>	<u>12.20%</u>

NOTE TO SCHEDULE

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>19.00%</u>	<u>19.17%</u>	<u>-1.86%</u>	<u>9.71%</u>

SUPPLEMENTARY INFORMATION

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Investment income	\$ 12,000	\$ 12,000	\$ 50,342	\$ 38,342
EXPENDITURES				
General government	310,000	310,000	429,893	119,893
Public safety	217,000	217,000	230,635	13,635
Public works	271,330	271,330	-	(271,330)
Culture and recreation	17,000	17,000	-	(17,000)
TOTAL EXPENDITURES	<u>815,330</u>	<u>815,330</u>	<u>660,528</u>	<u>(154,802)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(803,330)	(803,330)	(610,186)	193,144
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,250,000	1,250,000
NET CHANGE IN FUND BALANCE	(803,330)	(803,330)	639,814	1,443,144
FUND BALANCE AT BEGINNING OF THE YEAR	<u>1,947,477</u>	<u>1,947,477</u>	<u>1,947,477</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,144,147</u>	<u>\$ 1,144,147</u>	<u>\$ 2,587,291</u>	<u>\$ 1,443,144</u>

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
OPERATING REVENUES				
Sewer charges	\$ 2,200,295	\$ 2,200,295	\$ 2,217,856	\$ 17,561
OPERATING EXPENSES				
Sewage treatment, operations and maintenance	2,470,891	2,470,891	2,019,085	(451,806)
General and administrative	214,039	214,039	226,792	12,753
Depreciation and amortization	-	-	404,046	404,046
TOTAL OPERATING EXPENSES	<u>2,684,930</u>	<u>2,684,930</u>	<u>2,649,923</u>	<u>(35,007)</u>
OPERATING LOSS	<u>(484,635)</u>	<u>(484,635)</u>	<u>(432,067)</u>	<u>52,568</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	45,340	45,340	80,523	35,183
Interfund transfers, net	-	-	513,477	513,477
Interest expense	-	-	(97,594)	(97,594)
Other	-	-	351,048	351,048
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>45,340</u>	<u>45,340</u>	<u>847,454</u>	<u>802,114</u>
CHANGE IN NET POSITION	\$ <u><u>(439,295)</u></u>	\$ <u><u>(439,295)</u></u>	\$ <u><u>415,387</u></u>	\$ <u><u>854,682</u></u>

WILLISTOWN TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds		
	Bartram Bridge Preservation Fund	State Highway Fund	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 129,607	\$ 697,930	\$ 827,537
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 50	\$ 2,649	\$ 2,699
Due to other funds	-	199,064	199,064
TOTAL LIABILITIES	50	201,713	201,763
FUND BALANCES			
Restricted			
Highway and street projects	-	496,217	496,217
Bridges	129,557	-	129,557
TOTAL FUND BALANCES	129,557	496,217	625,774
TOTAL LIABILITIES AND FUND BALANCES	\$ 129,607	\$ 697,930	\$ 827,537

WILLISTOWN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds		Total Other Governmental Funds
	Bartram Bridge Preservation Fund	State Highway Fund	
REVENUES			
Interest, dividends and rents	\$ 2,796	\$ 21,610	\$ 24,406
Intergovernmental	-	387,700	387,700
TOTAL REVENUES	<u>2,796</u>	<u>409,310</u>	<u>412,106</u>
EXPENDITURES			
Public works - highways and streets	-	292,393	292,393
Culture and recreation - bridges	1,633	-	1,633
TOTAL EXPENDITURES	<u>1,633</u>	<u>292,393</u>	<u>294,026</u>
NET CHANGE IN FUND BALANCES	1,163	116,917	118,080
FUND BALANCES AT BEGINNING OF YEAR	<u>128,394</u>	<u>379,300</u>	<u>507,694</u>
FUND BALANCES AT END OF YEAR	<u>\$ 129,557</u>	<u>\$ 496,217</u>	<u>\$ 625,774</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
Form of Continuing Disclosure Certificate

[THIS PAGE INTENTIONALLY LEFT BLANK]

TOWNSHIP OF WILLISTOWN
Chester County, Pennsylvania

\$ _____ **General Obligation Bonds, Series of 2025**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Township of Willistown, Chester County, Pennsylvania (the “Issuer”) in connection with the issuance of its \$ _____ aggregate principal General Obligation Bonds, Series of 2025 (the “Bonds”). The Bonds are being issued pursuant to an ordinance duly enacted by the Board of Supervisors of the Issuer on June 16, 2025 (the “Ordinance”).

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Owner” shall mean a registered owner of the Bonds.

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

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days following the close of each fiscal year, commencing with the report for the 2025 fiscal year, provide to the MSRB through the EMMA System an Annual Report, which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package; and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to that effect to the MSRB through the EMMA System.

(c) The Dissemination Agent shall:

(1) Determine each year prior to the date for providing the Annual Report the current electronic format of the MSRB for such filing; and

(2) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with accounting practices prescribed or permitted by the Department of Community and Economic Development (“DCED”) of the Commonwealth of Pennsylvania. As permitted by DCED, the Township prepares its financial statements on the cash basis of accounting; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when a liability is incurred. Additionally, in accordance with the prescribed practices permitted by DCED, the Township does not include footnote disclosures. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements

contained in the final remarketing memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) The additional items listed in Exhibit A hereto.

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer or obligated person, any of which affect holders of the Bonds, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(b) The Issuer shall in a timely manner, not in excess of ten days after the occurrence of the event, file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from

a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waivers would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding any other provisions of this Disclosure Agreement, any filing required by this Disclosure Agreement may be made with such repositories and using such electronic filing systems as may be approved by the Securities and Exchange Commission and/or the MSRB.

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

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations

under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2025.

TOWNSHIP OF WILLISTOWN

BY: _____
Chair, Board of Supervisors

Attest:

Secretary

(SEAL)

EXHIBIT A

Additional Items for Annual Report

- An update of the information in the Official Statement for the most recent fiscal year included in the tables under the following headings: Table 5 – “Real Property Assessment Data”; Table 9 - “Historical Earned Income Tax Collections”.