PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: "AA+" (Stable Outlook) (Underlying)
(See "RATING" herein)

In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of initial delivery of the Bonds and assuming continuing compliance with the requirements of federal tax law. Interest on the Bonds is not an item of tax preference 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. Bond Counsel is also of the opinion that the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Bonds. See "TAX MATTERS" herein.

$21,945,000*
TOWNSHIP OF EASTTOWN
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: March 1 and September 1
Principal Due: As Shown On Inside Cover
First Interest Payment: March 1, 2027

The General Obligation Bonds. Series of 2026 described herein are in the aggregate principal amount of $21,945,000* (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 Easttown, 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 March 1, 2027, and thereafter semiannually on March 1 and September 1 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 depositary 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 are to be issued for the purpose of providing funds for and towards (i) the refunding of all or a portion of the Township's General Obligation Note, Series of 2024; (ii) financing (a) the Township's design, renovations and construction of the Township's municipal complex project, (b) design and construction for sidewalks throughout the Township, (c) sewer system upgrades, repairs and improvements to the Township's portion of the Valley Forge Sewer Authority's sewer upgrades, and (d) other capital improvements to parks, buildings and the sewer system, and purchases of property, to the extent of available funds; and (iii) paying related costs and expenses of issuance of 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 Barnes & Thornburg LLP, Wilmington, Delaware, Bond Counsel, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the Township by Unruh, Turner, Burke & Frees, P.C, West Chester, Pennsylvania, Township Solicitor and for the Underwriter by Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. It is expected that the Bonds will be available for delivery through DTC, on or about __________ __, 2026.

STIFEL

Dated:

*Estimated, subject to change

$21,945,000*
TOWNSHIP OF EASTTOWN
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2026

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

Principal Due: September 1
First Interest Payment: March 1, 2027

Maturity Date (September 1) 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 EASTTOWN

Chester County, Pennsylvania

TOWNSHIP ADDRESS
566 Beaumont Road
Devon, PA 19333

TOWNSHIP BOARD OF SUPERVISORS

Name	Office
Sean Axel	Chairperson
Susan LeBoutillier	Vice Chairperson
Alex Bosco	Supervisor
Erik Unger	Supervisor
Michael Wacey	Supervisor

TOWNSHIP MANAGER
Don Curley

TOWNSHIP FINANCE DIRECTOR
Sue Lalle

SOLICITOR
UNRUH, TURNER, BURKE & FREES
West Chester, Pennsylvania

BOND COUNSEL
BARNES & THORNBURG LLP
Wilmington, Delaware

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

UNDERWRITER
STIFEL, NICOLAUS & COMPANY, INCORPORATED
Conshohocken, Pennsylvania

UNDERWRITER'S COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

MUNICIPAL ADVISOR
NW FINANCIAL GROUP, LLC
Bloomfield, New Jersey

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.

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 ______________, 2026; the Preliminary Official Statement was “deemed final” for the purposes of SEC Rule 15c2-12(b)(1).

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PRELIMINARY OFFICIAL STATEMENT

$21,945,000*
TOWNSHIP OF EASTTOWN
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by the Township of Easttown, Chester County, Pennsylvania (the "Township"), in connection with the offering of its $21,945,000* aggregate principal amount of its General Obligation Bonds, Series of 2026 (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 July 20, 2026 (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").

PURPOSE OF THE ISSUE

Proceeds of the Bonds are to be issued for the purpose of providing funds for and towards (i) the refunding of all or a portion of the Township's General Obligation Note, Series of 2024; (ii) financing (a) the Township's design, renovations and construction of the Township's municipal complex project, (b) design and construction for sidewalks throughout the Township, (c) sewer system upgrades, repairs and improvements to the Township's portion of the Valley Forge Sewer Authority's sewer upgrades, and (d) other capital improvements to parks, buildings and the sewer system, and purchases of property, to the extent of available funds; and (iii) paying related costs and expenses of issuance of 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.

SOURCE OF FUNDS	SERIES 2026 BONDS
Par Amount of the Bonds	$
Plus/Less: Net Original Issue Premium / Discount	
TOTAL SOURCES OF FUNDS	**$**
USE OF FUNDS	
Deposit to Project Fund	$
Deposit to Sewer Project Fund	
Amount Required to Call the Refunded 2024 Note	
Costs of Issuance(1)	
TOTAL USES OF FUNDS	**$**

(1) Includes underwriter's discount, legal, printing, rating, paying agent, CUSIP, municipal advisor 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 $21,945,000*, 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 on March 1, 2027, and thereafter, semiannually on March 1 and September 1 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.

*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.

*Estimated, subject to change.

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 depositary 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 March 1, 2027, in which event such Bond shall bear interest from __________ __, 2026, 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 March 1, 2027, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a date on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Township shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered 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.

Whenever the due date for payment of interest on or principal of the Bonds shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the jurisdiction in which the corporate trust payment office of the Paying Agent is located are authorized by law to close (a **"Holiday"**), then the payment of such interest or principal need not be made on such date, but may be made on the succeeding day which is not a Holiday, with the same force and effect as if made on the due date for payment of principal or interest.

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: (i) to issue, transfer or exchange any of the Bonds during a period beginning at the close of business on the fifth (5th) day next preceding the day of selection of Bonds to be redeemed and ending at the close of business on the day on which such notice is given, or (ii) to transfer or exchange any Bond selected for redemption in whole or in part.

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 depositary. 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 depositary, 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 depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depositary, 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 Chester County. 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

Optional Redemption

The Bonds stated to mature on or after September 1, ____, 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.

Mandatory Redemption

The Bonds stated to mature on September 1, ____, September 1, ____, September 1, ____ and September 1 ____ are subject to mandatory redemption prior to maturity as required by the Ordinance, in the amounts and on September 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 September 1, 20__		Term Bonds Maturing September 1, 20__	
Year	Amount	Year	Amount
	$		$
*		*	

Term Bonds Maturing September 1, 20__		Term Bonds Maturing September 1, 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.

Notice of Redemption

Notice of any redemption shall be deposited in first class mail, postage prepaid, not less than twenty (20) days nor more than sixty (60) 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 five members. Each member of the Board of Supervisors is elected at large to a six-year term. The Township Manager, appointed by the Board of Supervisors, administers the daily operations of the Township.

The Township's business address is 566 Beaumont Road, Devon, Pennsylvania 19333.

The Township is located at the eastern edge of Chester County and is part of the Philadelphia Metropolitan Area. The Township has the largest population of the 73 municipalities in Chester County. The Township is strategically located immediately west of the intersection of the Pennsylvania Turnpike (I-276) and the Schuylkill Expressway (I-76), about 19 miles northwest of Center City Philadelphia. U.S. Route 202 bisects the Township at its approximate mid-point. The Township of Easttown is bounded by the Townships of Tredyffrin, and Willistown, all in Chester County. It also borders Newtown and Radnor Townships in Delaware County.

TOWNSHIP FINANCES

Budget Process

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its 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 required to balance the budget.

The Board of Supervisors introduces the budget by mid-November after which it is advertised and reviewed at public hearings held by the Board of Supervisors. After the close of the public hearings, the Board of Supervisors shall approve and adopt the budget on or before December 31, the close of the Township's fiscal year. In preparing the Township's budget, appropriations for interest and principal payments due and payable during the fiscal year must be made in full.

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.

The Township financial statements are audited annually by a firm of independent certified public accountants. The firm of Mallie LLP, New Castle, Delaware serves as the Township’s auditor. The Township’s audited financial statements for the fiscal year ended December 31, 2025 are expected to be completed by October 1, 2026.

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 EASTTOWN
GENERAL FUND REVENUES AND EXPENDITURES

	Actual					Estimated (1)
	2020	2021	2022	2023	2024	2025
Revenues						
Taxes	$ 4,735,726	$ 5,272,763	$ 5,436,924	$ 5,550,940	$ 6,414,126	$ 7,228,665
Licenses and permits	295,031	244,309	241,301	238,238	228,292	217,809
Fines and Forfeits	33,258	33,778	29,176	37,575	34,649	593,723
Interest, Rent and royalties	11,159	3,326	3,709	46,095	101,255	151,314
Intergovernmental revenues	392,276	896,234	1,047,027	458,510	595,253	404,152
Charges for Services	1,141,111	1,470,110	989,047	1,258,979	1,326,972	1,116,158
Miscellaneous	41,861	77,894	74,463	27,811	139,581	96,973
Total Revenues	$ 6,650,422	$ 7,998,414	$ 7,821,647	$ 7,618,148	$ 8,840,128	$ 9,808,794
Expenditures						
General Government	934,398	901,980	941,608	1,183,095	1,223,304	1,573,035
Public Saftey	5,361,735	5,233,638	6,431,635	6,581,529	6,589,976	5,331,160
Public Works - Highways and Streets	453,305	493,607	583,552	441,569	536,189	688,791
Culture and Recreation	-	-	43,773	201,181	26,200	31,550
Other	-	-	-	-	-	71,547
Debt Service	-	-	-	-	-	-
Total Expenditures	$ 6,749,438	$ 6,629,225	$ 8,000,568	$ 8,407,374	$ 8,375,669	$ 7,696,083
Excess (Deficiency) of Rev over Exp	(99,016)	1,369,189	(178,921)	(789,226)	464,459	2,112,711
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Refund of prior year expenditures	-	-	-	100,304	-	-
Transfers in	-	-	-	263,260	120,000	-
Transfers out	-	-	-	-	(211,812)	(137,000)
Total Other Financing Sources (Uses)	-	-	-	363,564	(91,812)	(137,000)
Excess (Deficiency) of Rev. over Exp. and other Financing Sources (Uses)	$ (99,016)	$ 1,369,189	$ (178,921)	$ (425,662)	$ 372,647	$ 1,975,711
Fund Balance, Jan. 1	$ 1,506,266	$ 1,407,250	$ 2,776,439	$ 2,597,518	$ 2,171,856	$ 2,544,503
Fund Balance, Dec. 31	$ 1,407,250	$ 2,776,439	$ 2,597,518	$ 2,171,856	$ 2,544,503	$ 4,520,214
Fund Balance % of Total Revenue	**21.16%**	**34.71%**	**33.21%**	**28.51%**	**28.78%**	**46.08%**

(1) Estimated, subject to change on final audit.
Totals may not add due to rounding.
Source: Township Audited Financial Statements

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TABLE 2
2025 AND 2026 GENERAL FUND BUDGETS

	2025 Budget[1]	2026 Budget[2]
REVENUES		
Property Taxes	$4,883,932	$4,360,247
Transfer Taxes	700,000	700,000
Earned Income Tax	1,494,088	2,822,396
Penalties	10,000	10,000
Cable TV Franchise	232,000	225,000
Fines	31,600	31,600
Interest Earnings	30,000	35,000
State Shared Revenue	291,200	356,200
Fed/State/Local Grants	21,895	32,250
General Government	66,050	78,550
Public Safety	706,500	755,750
Trash/Sewer Certifications	16,000	16,000
Miscellaneous	70,000	70,000
TOTAL REVENUES	$8,553,265	$9,492,993
EXPENDITURES		
Executive	$979,495	$1,149,897
Finance	242,288	265,513
Facility Buildings	151,007	160,244
Police	5,486,796	6,144,109
Protective Inspection	261,512	265,723
Planning & Zoning	306,778	319,500
Public Works	717,042	723,371
Miscellaneous	55,000	100,000
Unemployment Compensation	1,000	10,000
Transfer to OPEB Fund	137,000	149,000
TOTAL EXPENDITURES	$8,337,918	$9,287,357
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	$215,347	$205,636

(1)As adopted December 2, 2024
(2)As adopted December 1, 2025

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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:

Purpose	Maximum Levy
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:

Tax	Levy Limit
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 3
TOWNSHIP OF EASTTOWN
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2021	2022	2023	2024	2025	2026
Township	4.1340	4.2580	4.4710	5.9900	5.4000	4.8590
Chester County	4.5510	4.5510	4.5510	4.5510	5.1640	5.1640
Tredyffrin-Easttown School District	25.1128	25.8536	26.7585	28.3373	29.6567	29.6567

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 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 liened by filing in the County Tax Claim Bureau by the 30th day of January in the year following the year of levy.

TABLE 4
TOWNSHIP OF EASTTOWN
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Common Level Ratio
2021	2,479,327,896	1,368,884,234	55.21%
2022	2,641,250,791	1,378,489,332	52.19%
2023	2,671,473,562	1,394,037,430	52.18%
2024	2,869,428,287	1,410,851,937	49.17%
2025	2,878,171,733	1,414,505,147	49.15%

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

TABLE 5
TOWNSHIP OF EASTTOWN
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2024 Market Value	2024 Assessed Value	2025 Market Value	2025 Assessed Value
Township	$2,869,428,287	$1,410,851,937	$2,878,171,733	$1,414,505,147
Tredyffrin-Easttown School District	10,763,348,109	5,195,890,315	10,701,844,984	5,167,487,943
Chester County	$79,300,010,423	$40,796,022,894	$79,972,434,966	$41,042,066,702

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

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TABLE 6
TOWNSHIP OF EASTTOWN
ASSESSMENT BY LAND USE

	2020	2021	2022	2023	2024
Residential...............	$1,242,698,812	$1,244,359,582	$1,251,930,110	$1,268,595,068	$1,278,553,905
Trailers	0	0	0	0	0
Seasonal	0	0	0	0	0
Lots	5,381,030	5,098,600	6,728,750	5,271,080	4,342,330
Industrial	0	0	0	0	0
Commercial.............	106,626,202	106,916,962	107,566,742	107,846,912	115,584,952
Agriculture	12,922,030	12,504,940	12,251,280	12,320,220	12,366,600
Oil/Gas/Mineral........	0	0	0	0	0
Land	4,150	4,150	12,450	4,150	4,150
Total........................	1,367,632,224	$ 1,368,884,234	$1,378,489,332	$1,394,037,430	$1,410,851,937

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

TABLE 7
TOWNSHIP OF EASTTOWN
REAL PROPERTY TAX COLLECTION DATA

Year	Tax Rate (Mills)	Total Tax Levy[(1)(2)]	Current Tax Collections[(1)]	Current Collections % of Levy	Delinquent Collections	Total Collections Amount	Total Collections % of Current Levy[(1)]
2020	4.014	$5,499,180	$5,196,811	94.5%	$58,187	$5,254,998	95.56%
2021	4.134	5,600,000	5,541,521	99.0%	67,492	5,609,013	100.16%
2022	4.258	5,869,052	5,715,924	97.4%	76,748	5,792,672	98.70%
2023	4.471	6,237,751	6,100,549	97.8%	84,192	6,184,741	99.15%
2024	5.990	8,463,700	8,273,894	97.8%	85,711	8,359,605	98.77%
2025	5.400	7,638,327	7,417,830	97.1%	74,973	7,492,803	98.09%

[(1)]Includes all Township millages.

Source: Township Officials

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The ten largest real property taxpayers, together with 2025 assessed values are shown in Table 8. The aggregate assessed value of these ten taxpayers totals approximately 3.5 percent of total assessed value.

TABLE 8
TEN LARGEST REAL PROPERTY TAXPAYERS

Owner	Description	2025 Assessed Value
Recovery Centers of America	Addiction Treatment	$ 9,501,720
Waynesborough Country Club	Golf Course	$ 6,392,840
DP Fritztown Center	Commercial	$ 6,246,080
Rockledge LLC	Automobile Dealership	$ 5,452,220
Individual	Residential	$ 3,998,940
Waterloo Devon LP	Commercial	$ 3,842,940
Main Line Real Properties LP	Commercial	$ 3,748,350
Devon Horse Show	Commercial/Entertainment	$ 3,584,730
Brandywine Operating Partnership LP	Commercial	$ 3,549,060
Trinity Associates	Apartments	$ 3,404,800
Total		$49,721,680

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 1.0% tax (which it shares equally with Tredyffrin-Easttown School District) on the transfer of title of real property in the Township. Pennsylvania levies an additional 1% tax, for a total of 2%. Township revenues are budgeted at $700,000 in 2026.

Earned Income Tax – The Township levies a 0.5% tax on earned income and net profits for all residents of the Township and non-residents working within the Township. Township revenues are budgeted at $2,822,396 in 2026.

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DEBT AND DEBT LIMITS

Debt Statement

Table 9 shows the debt of the Township as of July 1, 2026, including the issuance of the Bonds.

TABLE 9
TOWNSHIP OF EASTTOWN
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of July 1, 2026)

	Gross Outstanding
GENERAL OBLIGATION DEBT	
Nonelectoral Debt	
General Obligation Bonds, Series of 2026**	$17,345,000
General Obligation Bonds, Series of 2012	1,835,000
Total Non-Electoral Debt	$19,180,000
Lease Rental Debt	
General Obligation Bonds, Series of 2026(1)	$4,600,000
Guaranteed Sewer Revenue Bonds, Series of 2020	$4,650,000
Guaranteed Sewer Revenue Bonds, Series of 2019	$9,350,000
Total Lease Rental Debt	$18,600,000
TOTAL	$37,780,000
Less: Lease Rental Debt Deemed to be Self-Liquidating(1)	$18,600,000
TOTAL NET DIRECT DEBT	$19,180,000
OVERLAPPING DEBT	
Tredyffrin-Easttown School District, General Obligations(2)	$55,671,548
Chester County, General Obligations(3)	18,930,806
TOTAL OVERLAPPING DEBT	$74,602,354
TOTAL DIRECT AND OVERLAPPING DEBT	$93,782,354
DEBT RATIOS	
Per Capita (2020)	$8,538.09
Percent 2025 Assessed Value	6.63%
Percent 2025 Market Value	3.27%

*Includes the Bonds offered through this Preliminary Official Statement, estimated and subject to change.
**Includes the refunding of the General Obligation Note, Series of 2024 to be refunded by the Bonds.
(1)Portion expected to be certified as self-liquidating in connection with Sewer project. See "**PURPOSE OF THE ISSUE**" herein.
(2)Approximate pro rata share (27.15%) of $203,380,000 outstanding as of July 1, 2026.
(3)Approximate pro rata share (3.44%) of $549,280,000 non-electoral principal amount outstanding as of July 1, 2026 based upon the total 2025 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 Revenues for 2023	$14,091,741
Total Revenues for 2024	17,648,188
Total Revenues for 2025 (Unaudited)	20,796,383
Total	$52,536,312
Annual Arithmetic Average (Borrowing Base)	$17,512,104

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	$43,780,260	$19,180,000	$24,600,260
Net Nonelectoral and Lease Rental Debt Limit[(1)]:			
350% of Borrowing Base	$61,292,364	$19,180,000	$42,112,364

*Preliminary, subject to change.
[(1)] Excludes portion of electoral debt deemed as self-liquidating.

Future Financing

The Township does not anticipate issuing any additional long-term debt in the next 1-2 years.

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Debt Service Requirements

Table 10 presents the debt service requirements on the Township's Bonds. The Township has never defaulted on the payment of debt service.

TABLE 10
TOWNSHIP OF EASTTOWN
DEBT SERVICE REQUIREMENTS

Year	Existing Debt Service [(1)]	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Debt Service
2026	$336,750				
2027	333,650				
2028	339,500				
2029	339,900				
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
Total	**$1,349,800**				

[(1)] Excludes debt service on the 2024 Note to be refunded by the Bonds.

LABOR RELATIONS

Township Employees

The Township currently maintains a staff of 42 full time employees.

Township Pension Plans - Introduction

Information on the Township's Pension Plans can be found in Note 8 in the Annual Financial Statements provided in Appendix C. Individual financial statements are separately available for each plan.

Township Pension Plans – Non-Uniform Pension Plan (Defined Benefit)

The Easttown Township Nonuniformed Pension Fund accounts for a contributory, single-employer defined benefit pension plan that was available to non-uniformed, non-bargaining employees of the Township hired prior to January 1, 2010, and non-uniformed bargaining employees hired prior to January 1, 2012. As of January 1, 2012, the defined benefit plan was closed to all new employees. Participants are required to contribute 2% of their aggregate earnings to the fund.

Membership of this plan consisted of the following as of December 31, 2024:

Retirees or beneficiaries currently receiving benefits	19
Terminated members entitled to but not yet receiving benefits	3
Active plan members	4
Total Membership	26

Township Pension Plans – Non-Uniform Pension Plan (Defined Contribution)

The Easttown Township Nonuniformed Pension Fund accounts for a defined contribution pension plan that was available to all full-time nonuniform employees of the Township who are hired after January 10, 2010. Investments are managed by the Defined Contribution Plan's administrator under several different investment options and choice of investment options is made by the participants. The Township contributes 10% of compensation and employees are not required to contribute to the Defined Contribution Plan. The Township's contributions totaled $89,122 for 2024.

Township Pension Plans – Police Pension Plan (Defined Benefit)

The Easttown Township Uniformed Employees' Pension Plan is a single-employer, defined benefit pension plan that covers all full-time uniformed police officers of the Township. The Uniformed Pension Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

Membership of this plan consisted of the following as of December 31, 2024:

Retirees or beneficiaries currently receiving benefits	14
Terminated members entitled to but not yet receiving benefits	1
Active plan members	16
Total Membership	31

EASTTOWN MUNICIPAL AUTHORITY

Sewer Revenues (as hereinafter defined) are not pledged, nor is a security interest created, to secure the Bonds. However, a portion of the proceeds of the Bonds relate to improvements to the Sewer System. The portion of the proceeds of the Bonds relating to sewer system improvements will constitute "self-liquidating debt" under the Debt Act from such Sewer Revenues and will be excluded from the Township's calculated maximum debt capacities.

The Easttown Municipal Authority (the "Authority") owns a sanitary sewer collection system (the "Sewer System") and leases the Sewer System to the Township pursuant to a Lease Agreement between the Authority and the Township dated November 1, 1998, as amended and supplemented from time to time (the "Lease"). The Sewer System serves the Township and shares transmission and treatment facilities with certain additional municipalities and authorities. The Sewer System provides for collection of domestic sewage from Easttown Township, a suburban residential area encompassing several watersheds. Wastewater from each of these watersheds flows by gravity to one of twelve pumping stations, which ultimately convey the wastewater to a wastewater treatment plant operated by the Valley Forge Sewer Authority ("VFSA") via the Aqua Resources, Inc.'s Valley Creek Trunk Sewer (VCTS) collection system. A small portion of the system, consisting of approximately 80 EDUs in the Valley Forge Road area, drains through both the Tredyffrin Township and Radnor Township collection systems into the Radnor-Haverford-Marple Authority system. There is also another portion of the system, comprised of approximately 178 EDUs, that drains through Tredyffrin Township to Upper Merion Township's Trout Run Water Pollution Control Center.

The Authority is a body corporate and politic, organized under provisions of the Pennsylvania Municipality Authorities Act and pursuant to an ordinance of the Board of Supervisors of the Township.

The governing body of the Authority is a Board consisting of five members appointed by the Board of Supervisors of the Township, to a five-year term. Members of the Board may be reappointed. None of the members of the Authority Board are members of the Township Board of Supervisors. The Board is authorized to exercise any and all powers conferred by its charter necessary for the acquisition, construction, improvement, extension, maintenance and operation of sewer systems.

In late 2018, Tredyffrin Township Municipal Authority sold the Valley Creek Trunk Sewer to Aqua America (an investor-owned and publicly traded water utility) for $28.3 million. As a co-owner of that facility, along with 5 other public entities, the Easttown Municipal Authority received $3.2 million. Because of Federal "change in use" regulations, the Authority was required to redeem $3.2 million of Series 2011 Bonds dated as of September 19, 2011 (the "Series 2011 Bonds") (as hereinafter defined), which had been spent on that facility, within 90 days. The balance of that issue ($5,525,000) was refunded by the Authority's, Series of 2019 Bonds. The 2020 Construction bond fund was closed out in July of 2025. This fund was used primarily for construction and management of the Berwyn Force Main replacement project, as well as Inflow and Infiltration initiatives.

The Lease

The Authority, under terms of the Lease, leases to the Township the Sewer System and the Township shall pay to the Authority the lease rentals in installments in the amounts and on the dates set forth in the Lease.

The Township covenants to fix, charge and impose by ordinance, which shall be maintained in full force and effect during the term of the Lease, and to collect from the users of the Sewer System, sewer rents and other charges (the "Sewer Rent Ordinances") which, together with other monies and sewer revenues in or appropriated for the Sewer Revenue Account and receipts of the Sewer System (collectively, the "Sewer Revenues"), shall in each fiscal year be sufficient to pay: (a) the lease rentals payable in such fiscal year by the Township to the Authority as set forth in the Lease; (b) any additional rentals payable under the Lease; (c) any additional lease rentals or service charges payable under any supplemental leases; (d) any other amounts payable with respect to parity debt not otherwise taken into account under (c) above; and (e) the expense of operating, maintaining, and repairing the Sewer System including the reasonable administrative and operating costs of the Authority. As permitted by the Lease, monies held in the Sewer Revenue Account can also be applied by the Township to pay for the costs of extensions, additions, and improvements to the Sewer System.

The Township covenants and agrees during the term of the Lease to maintain in full force and effects its ordinances requiring connection with the Sewer System with suitable and enforceable penalties for violation (the "Sewer Connection Ordinances"). As and when sewer service shall become available to additional properties by reason of the construction of improvements thereon or by reason of completion of additional portions of the collection sewers or the construction of extensions, the Township shall require the owners of such properties to connect with the Sewer System within the time provided in the Sewer Connection Ordinances and the Sewer Rent Ordinances, the Township agrees to enforce the remedies and penalties therein provided and to compel such owners to connect. The Township also covenants and agrees, if any property owner within the Township shall fail to pay the sewer rentals payable by him within a reasonable time, to file good and sufficient municipal liens therefore and to proceed to enforcement of such liens.

Authority Sewer Rate Structure

The following table sets forth the current sewer rates for residential and non-residential users of the Sewer System who are located in the Township based on quarterly billing. Sewer rates are based on quarterly water consumption information.

Gallons per Quarter	Residential Rate	Non-Residential Rate
0 -10,000	Base rate of $203.04	Base rate of $224.37
10,000+	$203.04 plus $18.09 per every additional 1,000 gallons	$224.37 plus $19.55 per every additional 1,000 gallons

Sewer Tapping Fees

The following table sets forth the current sewer tapping fees for the five Sewer Districts at the time of initial connection to, or expansion of, an existing improved property.

Sewer District	Sewer Tapping Fee
District 1	$3,280.00
District 2	$14,850.00
District 3	$14,850.00
District 4	$14,380.00
District 5	$19,470.00

Billing Terms and Collection Procedures

The Township of Easttown bills sewer customers quarterly, in arrears, based on water usage. The water usage is supplied to the Township directly from Aqua Pennsylvania, the water company. This applies to both residential and commercial customers, as well as un-metered/well users connected to the sanitary sewer system. The un-metered/well users are billed a flat rate per quarter.

Quarterly bills are mailed to customers on February 1, May 1, August 1 and November 1 of each year and are due on the last day of the month. Customers that fail to pay by the due date are assessed interest prior to the next quarterly billing of 1%. Customers that fail to pay multiple quarters are turned over to Portnoff Law Associates, a collection agency, and they engage in collection efforts, up to and including filing of liens and Sheriff's Sale.

Ten Largest Sewer System Customers

Customer	Description	2025 Annual Billing	2025 Annual Water Consumption (000s)
Devereux	Residential	$176,276	9,706
Upper Main Line YMCA	Commercial	90,410	4,670
Trinity Associates	Residential	75,685	3,234
Stein, Charlotte & Alfred	Commercial	44,660	2,461
Devereux	Residential	39,237	2,161
Devon Apartments	Residential	38,866	2,141
DP Fritztown LLC	Commercial	23,908	1,315
Woodward, Michael	Residential	17,094	1,015
Adams, Adrian	Residential	11,692	639
Delaware County Christian	Commercial	6,387	347
Total		**$524,220**	

Breakdown of Regional Sewer Customers

The following table provides a breakdown of the type of customers of the sewer systems and the total waste collected.

	Residential Customers	Industrial/Commercial Customers	2025 Total EDUs
Number of Customers	2,945	317	3,262

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Bonds. Such summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). It does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the Bonds as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the Commonwealth of Pennsylvania, it does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of purchasing, holding, and disposing of the Bonds.

Federal Tax Exemption

In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Township and continuing compliance by the Township with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference 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, as such quoted terms are defined in the Code.

The Code contains a number of restrictions and requirements that apply to the Bonds including, without limitation, (i) investment restrictions, (ii) requirements for periodic payments of arbitrage profits to the United States, and (iii) rules regarding the proper use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. The Township has covenanted to comply with all of the restrictions and requirements of the Code that must be satisfied in order for the interest on the Bonds to be and remain excludable from the gross income of the owners thereof for federal income tax purposes (the "Tax Covenants"). Failure to comply with certain of the Tax Covenants could result in the inclusion of the interest on the Bonds in the gross income of the owners for federal income tax purposes, retroactive to the date of issuance of the Bonds or some other date.

[Original Issue Discount. Certain of the Bonds [may be][were] offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of such Bond as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder's tax basis in the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.]

[Original Issue Premium. Certain of the Bonds [may be][were] 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 bondholder'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. Bondholders should consult their tax advisers for an explanation of the amortization rules.]

Information Reporting and Backup Withholding. A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 sets forth the bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

No Other Opinions. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

State Tax Exemption

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

Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

General

The opinions expressed by Bond Counsel 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 will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX B hereto for the proposed Form of Bond Counsel Opinion.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Such proposals may have an adverse impact on the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, 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. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any potential, proposed or pending legislation, regulatory initiatives or litigation.

BONDHOLDER CONSIDERATIONS

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

Enforcement of Remedies

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

No Assurance of Secondary Market for the Bonds

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

Economic Factors Affecting the Financial Condition of the Township

Changes in current economic conditions, on local, regional and national levels, could adversely affect the Township's operating revenues and expenses and, consequently, the Township's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the Township; decreases in real estate tax collections; future contract negations 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.

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 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 Agreement.

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 the 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 Agreement (the "Continuing Disclosure Agreement"), 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 Agreement 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 Agreement, 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 Agreement, if and when the 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. The Township has failed to comply with the Rule in the past five years in that it: (1) failed to file a material event notice with respect to the incurrence of the Township's General Obligation Note, Series of 2024 being refunded herein; (2) failed to file its audited financial statements for fiscal years ending December 31, 2022, 2023 and 2024 which have been remediated and includes notice of failure to file; (3) failed to file Easttown Municipal Authority audited financial statements for fiscal years ending December 31, 2022, 2023, and 2024 which have been remediated and includes notice of failure to file; (4) failed to file various annual operating data including "Market and Assessed Valuation" and "Analysis of Real Estate Tax Collections" for fiscal years ending December 31, 2022, 2023, and 2024 which has been remediated and includes notice of failure to file; (5) failed to file various annual operating data including "Ten Largest Taxpayers" and "Total Number of Employees" for fiscal years ending December 31, 2020, 2021, 2022, 2023, and 2024 which has been remediated and includes notice of failure to file. The Township also failed to timely file updated operating information for the Township of the nature included in official statements of the Township under the caption "Net Debt and Remaining Debt Incurring Margin" and "Financial Factors and Bonded Indebtedness" for fiscal years ending December 31, 2020, 2021, 2022, 2023, and 2024. This information is no longer available for filing on the EMMA website. The Township filed a notice on EMMA setting forth the Township's failure to file the updated operating information for the Township as noted herein, due to the unavailability of such information.

RATING

S&P Global Ratings ("S&P") has assigned its underlying rating of "AA+" (Stable Outlook) to this issue of Bonds. An explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. There is no assurance that any such rating will be in effect 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 such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

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 trade 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 Barnes & Thornburg LLP, Wilmington, Delaware, 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 Unruh, Turner, Burke & Frees, P.C., West Chester, Pennsylvania and for the Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania.

MUNICIPAL ADVISOR

The Township has retained NW Financial Group, LLC, Bloomfield, New Jersey as Municipal Advisor in connection with the preparation, authorization, and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement.

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 EASTTOWN
Chester County, Pennsylvania

By: ________________________________
Chairperson of the Board of Supervisors

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

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Introduction

The Township is located at the eastern edge of Chester County and is part of the Philadelphia Metropolitan Area. The Township has the largest population of the 73 municipalities in Chester County. The Township is strategically located immediately west of the intersection of the Pennsylvania Turnpike (I-276) and the Schuylkill Expressway (I-76), about 19 miles northwest of Center City Philadelphia. U.S. Route 202 bisects the Township at its approximate mid-point. The Township of Easttown is bounded by the Townships of Tredyffrin, and Schuylkill, Charlestown, East Whiteland, Willistown, and Easttown, all in Chester County. It also borders Newtown and Upper Merion Township in Montgomery County and Radnor Townships in Delaware County.

Population

Table A-1 shows recent population trends for the Township, Chester County, and the State. 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 State average.

TABLE A-1
TOWNSHIP OF EASTTOWN
RECENT POPULATION TRENDS

Area	2010	2020	Compound Average Annual Percentage Change 2010-2020
Township..	10,477	10,984	0.47%
Chester County...	498,886	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
AGE COMPOSITION

	0-19 Years	20-64 Years	65+ Years	Persons Per Household
Chester County...	24.0%	60.0%	16.0%	2.60
Pennsylvania	20.1%	59.6%	20.4%	2.40

Source: U.S. Census Bureau, 2024 American Community Survey 1-Year Estimate.

Employment

The largest employers located within the Township are shown below:

Company	Approximate Number of Employees
Vanguard Group [(1)]	20,000
Chester County Hospital	3,500
Main Line Hospitals	2.800
County of Chester	2,794
Giant Food Stores, LLC	2,400
Downingtown Area School District	1,895
PA System of Higher Education [(2)]	1,700
QVC, Inc.	1,650
West Chester Area School District	1,580
Chester County Intermediate Unit	1,565

Source: Chester County 2025 CAFR
[(1)] Includes contracted employees.

Table A-3 shows the nonfarm jobs in the MSA for November 2025.

TABLE A-3

DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
Montgomery-Bucks-Chester Metropolitan Statistical Area
NONFARM JOBS
(November 2025)

	Industry Employment				Net Change From:	
Establishment Data	**Nov 2025**	**Oct 2025**	**Sep 2025**	**Nov 2024**	**Oct 2025**	**Nov 2024**
TOTAL NONFARM	**3,182,000**	3,171,200	3,157,900	3,141,600	10,800	40,400
TOTAL PRIVATE	**2,828,600**	2,820,200	2,809,100	2,786,000	8,400	42,600
GOODS PRODUCING	**300,400**	301,400	303,100	303,900	-1,000	-3,500
Construction, Natural Resources, and Mining	**122,300**	123,300	124,400	126,000	-1,000	-3,700
Manufacturing	**178,100**	178,100	178,700	177,900	0	200
Durable Goods	**90,600**	90,900	91,100	89,800	-300	800
Non-Durable Goods	**87,500**	87,200	87,600	88,100	300	-600
SERVICE-PROVIDING	**2,881,600**	2,869,800	2,854,800	2,837,700	11,800	43,900
PRIVATE SERVICE-PROVIDING	**2,528,200**	2,518,800	2,506,000	2,482,100	9,400	46,100
Trade, Transportation, and Utilities	**557,000**	548,400	543,200	558,500	8,600	-1,500
Wholesale Trade	**121,100**	121,600	121,300	122,100	-500	-1,000
Retail Trade	**285,800**	280,500	277,500	285,900	5,300	-100
General merchandise retailers	**53,000**	51,200	50,500	52,900	1,800	100
Transportation, Warehousing, and Utilities	**150,100**	146,300	144,400	150,500	3,800	-400
Information	**50,300**	50,600	50,600	51,800	-300	-1,500
Financial Activities	**228,300**	227,400	226,400	224,900	900	3,400
Finance and insurance	**186,100**	185,300	184,400	183,400	800	2,700
Credit Intermediation	**64,500**	64,100	64,100	64,000	400	500
Real Estate and Rental and Leasing	**42,200**	42,100	42,000	41,500	100	700
Professional and Business Services	**511,500**	512,800	510,100	499,400	-1,300	12,100
Professional and technical services	**256,800**	256,700	255,400	250,200	100	6,600
Administrative and waste services	**181,500**	182,700	181,700	178,600	-1,200	2,900
Education and Health Services	**779,000**	773,300	765,600	750,500	5,700	28,500
Health care and social assistance	**635,200**	631,300	628,300	608,700	3,900	26,500
Ambulatory health care and services	**211,600**	210,400	208,800	200,900	1,200	10,700
Hospitals	**151,200**	150,000	149,700	147,700	1,200	3,500
Leisure and Hospitality	**273,100**	277,400	282,300	269,300	-4,300	3,800
Accommodation and food services	**218,800**	220,900	223,000	214,500	-2,100	4,300
Other Services	**129,000**	128,900	127,800	127,700	100	1,300
Government	**353,400**	351,000	348,800	355,600	2,400	-2,200
Federal Government	**52,400**	52,100	55,000	57,100	300	-4,700
State Government	**57,000**	56,700	55,600	57,300	300	-300
Local Government	**244,000**	242,200	238,200	241,200	1,800	2,800
Data benchmarked to March 2024						

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 for the County than for the Commonwealth over the past six years.

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

	2021	2022	2023	2024	2025	2026[(1)]
Chester County						
Civilian Labor Force	287.4	296.6	302.4	302.4	301.6	303.8
Employment	276.1	287.5	293.9	294.1	293.6	294.4
Unemployment	11.3	9.1	8.4	8.4	8.0	9.4
Unemployment Rate	3.9%	3.1%	2.8%	2.8%	2.6%	3.1%
Pennsylvania						
Civilian Labor Force	6,439.0	6,479.0	6,559.0	6,572.0	6,542.0	6,603.0
Employment	6,059.0	6,209.0	6,318.0	6,321.0	6,262.0	6,333.0
Unemployment	380.0	270.0	241.0	251.0	280.0	270.0
Unemployment Rate	5.9%	4.2%	3.7%	3.8%	4.3%	4.1%

(1)As of March 2026.
Source: U.S. Bureau of Labor Statistics & Pennsylvania Department of Labor & Industry

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 INCOME

	2010	2020
Chester County	42,042	52,711
Pennsylvania	27,824	35,518

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

	2021	2022	2023	2024	2025
Chester County	16,689,538	20,551,778	19,467,582	19,141,485	24,027,133
MSA	117,611,765	129,095,108	138,955,072	135,906,640	173,872,719
Pennsylvania	274,685,600	297,770,327	310,912,244	317,239,286	403,629,014

Source: The Nielson Company.

Transportation

Numerous major highways, including Routes 30, 100, 202, 1, 3, 322, 41 and the Pennsylvania Turnpike, provide commuters access to major employment centers within the County as well as the Delaware Valley and the City of Philadelphia

In nearby Philadelphia is Philadelphia International Airport, along with all major rail, bus and trucking lines. The port located in Philadelphia is considered to be one of the largest freshwater ports in the world.

Educational Institutions

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

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APPENDIX B
Form of Bond Counsel Opinion

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[FORM OF OPINION OF BOND COUNSEL]

TOWNSHIP OF EASTTOWN
(Chester County, Pennsylvania)
$[__________] General Obligation Bonds, Series of 2026

OPINION

[________], 2026

TO THE PURCHASERS OF THE
ABOVE-CAPTIONED BONDS:

We have acted as Bond Counsel to the Township of Easttown, Chester County, Pennsylvania (the **"Township"**) in connection with the issuance of its $[__________] General Obligation Bonds, Series of 2026 (the **"Bonds"**). The Bonds are being issued for the purpose of financing the: (i) current refunding of [all or a portion of] the Township's outstanding General Obligation Note, Series of 2024 (the **"2024 Refunded Note"**); (ii) (a) Township's design, renovations and construction of the Township's municipal complex project, (b) design and construction for sidewalks throughout the Township, (c) sewer system upgrades, repairs and improvements to the Township's portion of the Valley Forge Sewer Authority's sewer upgrades, and (d) other capital improvements to parks, buildings and the sewer system, or purchases of property; and (iii) payment of the costs of issuing the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

As Bond Counsel, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. § 8001 *et seq.*, as amended (the **"Debt Act"**); the Ordinance enacted by the Township Board of Supervisors on July 20, 2026 (the **"Ordinance"**) and the other proceedings of the Township Board of Supervisors authorizing the issuance of the Bonds; the certificate of approval of the Pennsylvania Department of Community and Economic Development applicable to the Bonds; the affidavits and certificates delivered by Township officials at settlement for the Bonds; and such other documents, records and proceedings as we deemed necessary as a basis for the opinions herein set forth. We also have examined the executed and authenticated Bonds.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Township, and are valid, binding and enforceable general obligations of the Township. The Township has covenanted in the Ordinance authorizing, among other things, the issuance of the Bonds, : (a) to include the payments due under the Bonds for each fiscal year in which such sums are due and payable in its budget for that year; (b) to appropriate such amounts from its general revenues legally available for such payments; and (c) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its available revenues or funds, the principal 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; and for such payment, budgeting and appropriation the Township has pledged its full faith, credit and taxing power in accordance with the Debt Act.

2. The Bonds are payable from general revenues of the Township, presently including *ad valorem* taxes which may be levied on all property taxable for Township purposes within the Township without limitation as to rate or amount.

3. The Township has made provision for the payment and redemption of the 2024 Refunded Note in accordance with the terms of the Pledge and Escrow Agreement dated as of the date of delivery of the Bonds which constitutes a valid and binding obligation of the Township enforceable in accordance with its terms, except as enforcement may be limited by the exercise of judicial discretion and by bankruptcy, insolvency, moratorium and other laws or equitable principles affecting the rights and remedies of creditors generally.

4. Interest on the Bonds [(including original issue discount)] is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date hereof, assuming the accuracy of the certifications of the Township and continuing compliance by the Township with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds is not an item of tax preference 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, as provided in the Code, for purposes of computing the alternative minimum tax imposed on such corporations.

Except as provided in paragraph 4, Bond Counsel expresses no opinion regarding federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Bonds. Bond Counsel expresses no opinion regarding other state or local tax consequences arising with respect to the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

The Township has also covenanted in the Ordinance that it will make no investment or other use of the proceeds of the Bonds that would cause the Bonds to be an "arbitrage bond" under Section 148 of the Code, and the rules promulgated thereunder, and that it will comply with the requirements of said Section throughout the term of the Bonds. The Township has further covenanted not to take or omit to take any action so as to cause interest on the Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code. An officer of the Township has executed a certificate (the **"Tax Certificate"**) stating the reasonable expectations of the Township on the date of issue of the Bonds as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage bonds. The Township is filing with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Bonds for federal income tax purposes. We have not undertaken to monitor compliance with respect to the aforesaid covenants or to advise any party as to changes in the law that may affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated [__________], 2026, relating to the Bonds.

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

Very truly yours,

Barnes & Thornburg LLP

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APPENDIX C

TOWNSHIP OF EASTTOWN

Financial Statements

December 31, 2024

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EASTTOWN TOWNSHIP

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2024

Maillie
ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

EASTTOWN TOWNSHIP
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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
Easttown Township
Devon, Pennsylvania

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Easttown Township as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Easttown Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Easttown Township as of December 31, 2024, and the respective changes in financial position--modified cash basis and, where applicable, cash flows, thereof for the year then ended on the basis of accounting described in Note A.

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 Easttown Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

To the Board of Supervisors
Easttown Township
Devon, Pennsylvania

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 Easttown 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 Easttown Township's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Easttown Township's basic financial statements. The accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund – modified cash basis, Notes to the Budgetary Comparison Schedule – modified cash basis, the Schedules of Changes in the Net Police Pension Plan Liability and related ratios, the Schedules of Police Pension Plan Contributions, the Schedules of Changes in the Net Non-Uniform Pension Plan Liability and related ratios, the Schedules of Non-Uniform Pension Plan Contributions, and the Schedule of Changes in Total Other Postemployment Benefits Plan Liability and Related Ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Supervisors
Easttown Township
Devon, Pennsylvania

The Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund – modified cash basis, Notes to the Budgetary Comparison Schedule – modified cash basis, the Schedules of Changes in the Net Police Pension Plan Liability and related ratios, the Schedules of Police Pension Plan Contributions, the Schedules of Changes in the Net Non-Uniform Pension Plan Liability and related ratios, the Schedules of Non-Uniform Pension Plan Contributions, and the Schedule of Changes in Total Other Postemployment Benefits Plan Liability and Related Ratios 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, The accompanying Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund – modified cash basis, Notes to the Budgetary Comparison Schedule – modified cash basis, the Schedules of Changes in the Net Police Pension Plan Liability and related ratios, the Schedules of Police Pension Plan Contributions, the Schedules of Changes in the Net Non-Uniform Pension Plan Liability and related ratios, the Schedules of Non-Uniform Pension Plan Contributions, and the Schedule of Changes in Total Other Postemployment Benefits Plan Liability and Related Ratios is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A.

Maillie LLP

New Castle, Delaware
May 20, 2026

The management of Easttown Township offers the readers of the Township's basic financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the introductory section of this report and the Township's basic financial statements in the financial section of this report.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Government-Wide Financial Statements

The government-wide financial statements are comprised of the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the Township's finances utilizing the modified cash basis method of accounting. Under the modified cash basis method of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future periods.

The statement of net position presents information on all the Township's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, police, fire, community development, planning, public works, etc. The business-type activities of the Township include sanitary sewer, utility and solid waste operations.

The government-wide financial statements include not only the Township itself but also the Easttown Municipal Authority. Although the Authority is a legally separate entity, it functions for all practical purposes as a part of the Township and, therefore, has been included as a blended component unit as an integral part of the primary government.

The government-wide financial statements can be found later in this report.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Township can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. The Governmental Funds financial statements utilize the modified cash basis of accounting. Under the modified cash basis method of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions.

Because the focus of the Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the Governmental Funds balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The Township maintains numerous individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, Highway Aid Fund, Library Fund, Fire Fund and Parks and Recreation Fund, all of which are considered to be major funds.

The Township adopts an annually appropriate budget for all Governmental and Proprietary Funds.

Proprietary Funds - The Township maintains Proprietary Funds for the sanitary sewer system and the municipal waste contract. The Proprietary Funds provide the same type of information as the government-wide financial statements.

The Proprietary Funds financial statements can be found later in this report.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources are not available to support the Township's own programs.

The Fiduciary Funds financial statements can be found later in this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found in the following pages of this report.

Supplementary Information

The management's discussion and analysis, the General Fund budgetary comparison schedule, the schedule of changes in the net police pension plan liability and related ratios, the schedule of police pension plan contributions, the schedule of changes in the net non-uniformed employees' pension plan liability and related ratios, the schedule of non-uniformed employees' pension plan contributions, and the schedule of changes in the total other postemployment benefit plan liability and related ratios represent financial information required by the GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes (referred to as "the basic financial statements").

Basis of Accounting

The Township has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the Township's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of capital assets, interfund receivables and payables, escrow liabilities, long-term debt and depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for Proprietary Fund activities.

A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Position--Modified Cash Basis

The Township's combined net position, resulting from modified cash basis transactions, was $10,542,335 at December 31, 2024. Net position of the governmental activities increased $1,012,671 while the net position of the business-type activities decreased $455,039.

Statements of Net Position--Modified Cash Basis
December 31, 2024 and 2023

	2024			2023		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
ASSETS						
Current and other assets	$ 9,674,485	$ 1,516,442	$ 11,190,927	$ 7,654,125	$ 1,938,251	$ 9,592,376
Capital assets	20,235,867	30,448	20,266,315	18,911,250	63,678	18,974,928
TOTAL ASSETS	29,910,352	1,546,890	31,457,242	26,565,375	2,001,929	28,567,304
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	106,472	-	106,472	119,780	-	119,780
LIABILITIES						
Current liabilities	2,252,524	-	2,252,524	698,938	-	698,938
Long-term liabilities	18,768,855	-	18,768,855	18,003,443	-	18,003,443
TOTAL LIABILITIES	21,021,379	-	21,021,379	18,702,381	-	18,702,381
NET POSITION						
Net investment in capital assets	1,809,887	30,448	1,840,335	3,873,332	63,678	3,937,010
Restricted	3,533,845	-	3,533,845	1,199,418	-	1,199,418
Unrestricted	3,651,713	1,516,442	5,168,155	2,910,024	1,938,251	4,848,275
TOTAL NET POSITION	$ 8,995,445	$ 1,546,890	$ 10,542,335	$ 7,982,774	$ 2,001,929	$ 9,984,703

Changes in Net Position--Modified Cash Basis

For the years ended December 31, 2024 and 2023, net position of the primary government resulting from modified cash basis transactions changed as follows:

Statements of Changes in Net Position--Modified Cash Basis
Years Ended December 31, 2024 and 2023

	2024			2023		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
REVENUES						
Program revenues						
Charges for services	$ 2,637,952	$ 5,141,345	$ 7,779,297	$ 1,429,093	$ 4,754,276	$ 6,183,369
Operating grants and contributions	613,824	89,406	703,230	794,955	2,122	797,077
General revenues						
Taxes	9,237,553	-	9,237,553	6,950,940	-	6,950,940
Revenue not restricted	470,523	-	470,523	33,862	-	33,862
Licenses and permits	228,292	-	228,292	238,238	-	238,238
Fines and forfeitures	34,649	-	34,649	37,575	-	37,575
Investment income	359,021	13,912	372,933	271,710	1,801	273,511
Miscellaneous	242,347	34,195	276,542	-	-	-
Gain on sale of capital assets	58,320	-	58,320	6,670	-	6,670
TOTAL REVENUES	13,882,481	5,278,858	19,161,339	9,763,043	4,758,199	14,521,242
EXPENSES						
General government	1,680,254	-	1,680,254	1,429,273	-	1,429,273
Public safety	7,274,736	-	7,274,736	6,631,259	-	6,631,259
Public works	2,264,016	-	2,264,016	910,905	-	910,905
Culture and recreation	1,102,660	-	1,102,660	1,333,316	-	1,333,316
Depreciation	430,520	-	430,520	-	-	-
Interest	143,702	-	143,702	478,693	-	478,693
Solid waste	-	1,417,591	1,417,591	-	1,279,051	1,279,051
Sewer	-	4,290,228	4,290,228	-	3,555,904	3,555,904
Transfers	(26,078)	26,078	-	-	-	-
TOTAL EXPENSES	12,869,810	5,733,897	18,603,707	10,783,446	4,834,955	15,618,401
CHANGE IN NET POSITION	$ 1,012,671	$ (455,039)	$ 557,632	$ (1,020,403)	$ (76,756)	$ (1,097,159)

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budgetary adjustments in 2024. For the year ended December 31, 2024, actual revenues for taxes exceeded budgeted amounts by $296,590. The variance was the result of higher than budget property and transfer taxes. Actual expenditures for public safety were greater than budgeted amounts by $116,301. This variance was primarily the result of higher than budgeted engineering, utilities and snow related expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets--Modified Cash Basis

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
GOVERNMENTAL ACTIVITIES				
Land	$ 2,264,314	$ 5,585	$ -	$ 2,269,899
Construction in progress	2,175,095	-	(2,175,095)	-
Infrastructure	21,522,168	3,561,458	-	25,083,626
Building and improvements	12,127,322	1,127,012	-	13,254,334
Library collection	1,900,000	-	-	1,900,000
Furniture and equipment	2,399,599	270,079	-	2,669,678
	42,388,498	4,964,134	(2,175,095)	45,177,537
Accumulated depreciation	(23,477,248)	(1,464,422)	-	(24,941,670)
	$ 18,911,250	$ 3,499,712	$ (2,175,095)	$ 20,235,867
BUSINESS-TYPE ACTIVITIES				
Machinery and equipment	$ 478,418	$ 23,200	$ -	$ 501,618
Accumulated depreciation	(414,740)	(56,430)	-	(471,170)
	$ 63,678	$ (33,230)	$ -	$ 30,448

Long-Term Debt--Modified Cash Basis

At December 31, 2024, the Township had $19,690,000 in long-term debt arising from modified cash basis transactions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Easttown Township's finances are stable and the outlook indicates they will remain that way. The Board of Supervisors continues to modestly build up reserves and anticipates that this will continue into the future by using sound budgeting practices.

- The Board of Supervisors did not raise the millage rate for 2025 due to the stable nature of the overall health of the Township's financial status.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Manager's office at 566 Beaumont Road, Devon, PA 19333-1722 or telephone at 610-687-3000.

EASTTOWN TOWNSHIP
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and equivalents	$ 9,657,376	$ 1,533,551	$ 11,190,927
Internal balances	17,109	(17,109)	-
Capital assets			
Land	2,269,899	-	2,269,899
Infrastructure	25,083,626	-	25,083,626
Building and improvements	13,254,334	-	13,254,334
Library collection	1,900,000	-	1,900,000
Furniture and equipment	2,669,678	501,618	3,171,296
Accumulated depreciation	(24,941,670)	(471,170)	(25,412,840)
TOTAL ASSETS	29,910,352	1,546,890	31,457,242
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	106,472	-	106,472
LIABILITIES			
Land development escrows	912,730	-	912,730
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	1,310,000	-	1,310,000
Bond premium	29,794	-	29,794
Portion due or payable after one year			
Bonds payable	18,380,000	-	18,380,000
Bond premium	388,855	-	388,855
TOTAL LIABILITIES	21,021,379	-	21,021,379
NET POSITION			
Net investment in capital assets	1,809,887	30,448	1,840,335
Restricted	3,533,845	-	3,533,845
Unrestricted	3,651,713	1,516,442	5,168,155
TOTAL NET POSITION	$ 8,995,445	$ 1,546,890	$ 10,542,335

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP
STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2024

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 1,680,254	$ 270,038	$ -	$ -
Public safety	7,274,736	1,060,707	245,186	-
Public works	2,264,016	1,220,457	368,638	-
Culture and recreation	1,102,660	86,750	-	-
Depreciation, unallocated	430,520	-	-	-
Interest on long-term debt	143,702	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	12,895,888	2,637,952	613,824	-
BUSINESS-TYPE ACTIVITIES				
Solid waste	1,417,591	1,488,227	89,406	-
Sewer	4,290,228	3,653,118	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	5,707,819	5,141,345	89,406	-
TOTAL TOWNSHIP ACTIVITIES	$ 18,603,707	$ 7,779,297	$ 703,230	$ -

GENERAL REVENUES
Taxes
Real estate
Transfer
Intergovernmental revenue not restricted to specific programs
Licenses and permits
Fines and forfeitures
Investment income
Miscellaneous
Gain on disposal of capital asset
TRANSFERS
TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
$ (1,410,216)	$ -	$ (1,410,216)
(5,968,843)	-	(5,968,843)
(674,921)	-	(674,921)
(1,015,910)	-	(1,015,910)
(430,520)	-	(430,520)
(143,702)	-	(143,702)
(9,644,112)	-	(9,644,112)
-	160,042	160,042
-	(637,110)	(637,110)
-	(477,068)	(477,068)
(9,644,112)	(477,068)	(10,121,180)
8,397,654	-	8,397,654
847,560	-	847,560
470,523	-	470,523
228,292	-	228,292
34,649	-	34,649
359,021	13,912	372,933
234,686	34,195	268,881
58,320	-	58,320
26,078	(26,078)	-
10,656,783	22,029	10,678,812
1,012,671	(455,039)	557,632
7,982,774	2,001,929	9,984,703
$ 8,995,445	$ 1,546,890	$ 10,542,335

EASTTOWN TOWNSHIP
BALANCE SHEET--MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Highway Aid Fund
ASSETS			
Cash and cash equivalents	$ 3,408,605	$ 687,839	$ 339,597
Due from other funds	27,299	-	-
	$ 3,435,904	$ 687,839	$ 339,597
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Escrows	$ -	$ -	$ -
Due to other funds	-	-	-
Land development escrows	891,401	-	-
TOTAL LIABILITIES	891,401	-	-
FUND BALANCES			
Restricted			
Capital projects	-	687,839	-
Streets and highways	-	-	339,597
Library	-	-	-
Parks and recreation	-	-	-
Fire service	-	-	-
Unassigned	2,544,503	-	-
TOTAL FUND BALANCES	2,544,503	687,839	339,597
TOTAL LIABILITIES AND FUND BALANCES	$ 3,435,904	$ 687,839	$ 339,597

See accompanying notes to the basic financial statements.

Library Fund	Parks and Recreation Fund	Fire Fund	Total Governmental Funds
$ 22,093	$ 58,573	$ 2,457,262	$ 6,973,969
-	-	-	27,299
$ 22,093	$ 58,573	$ 2,457,262	$ 7,001,268
$ -	$ 21,329	$ -	$ 21,329
-	-	10,190	10,190
-	-	-	891,401
-	21,329	10,190	922,920
-	-	-	687,839
-	-	-	339,597
22,093	-	-	22,093
-	37,244	-	37,244
-	-	2,447,072	2,447,072
-	-	-	2,544,503
22,093	37,244	2,447,072	6,078,348
$ 22,093	$ 58,573	$ 2,457,262	$ 7,001,268

EASTTOWN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES--
MODIFIED CASH BASIS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2024

TOTAL GOVERNMENTAL FUNDS BALANCES	$	6,078,348
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:		
Land		1,975,729
Infrastructure		782,191
Building and improvements		12,453,588
Library collection		1,900,000
Furniture and equipment		2,669,678
Accumulated depreciation		(11,395,808)
The internal service fund is used by management to account for the activities of the Easttown Municipal Authority. The assets, deferred outflows of resources and liabilities of the internal service fund is included in the Statement of Net Position.		(693,281)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable		(4,775,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	8,995,445

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES--MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Highway Aid Fund
REVENUES			
Taxes	$ 6,414,126	$ 839,787	$ -
Fees and fines	34,649	-	-
Licenses and permits	228,292	-	-
Intergovernmental	595,253	-	349,743
Charges for services	1,326,972	-	-
Investment earnings	101,255	725	355
Miscellaneous	139,581	95,105	-
TOTAL REVENUES	8,840,128	935,617	350,098
EXPENDITURES			
Current			
General government	1,223,304	41,068	-
Public safety	6,589,976	269,718	-
Public works	536,189	549,503	282,909
Culture and recreation	26,200	1,667	-
Debt service			
Principal	-	285,000	-
Interest and other charges	-	74,288	-
Issuance costs	-	-	-
TOTAL EXPENDITURES	8,375,669	1,221,244	282,909
EXCESS OF REVENUES OVER EXPENDITURES	464,459	(285,627)	67,189
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Transfers in	120,000	117,890	-
Transfers out	(211,812)	-	-
Sale of general capital assets	-	58,320	-
TOTAL OTHER FINANCING SOURCES (USES)	(91,812)	176,210	-
NET CHANGE IN FUND BALANCES	372,647	(109,417)	67,189
FUND BALANCES AT BEGINNING OF YEAR	2,171,856	797,256	272,408
FUND BALANCES AT END OF YEAR	$ 2,544,503	$ 687,839	$ 339,597

Library Fund	Parks and Recreation Fund	Fire Fund	Total Governmental Funds
$ 777,033	$ 154,305	$ 1,059,963	$ 9,245,214
-	-	-	34,649
-	-	-	228,292
-	-	143,124	1,088,120
-	86,750	-	1,413,722
239	91	119,950	222,615
-	-	-	234,686
777,272	241,146	1,323,037	12,467,298
35	-	8,360	1,272,767
-	-	2,167,605	9,027,299
-	-	-	1,368,601
862,208	226,592	-	1,116,667
-	-	-	285,000
-	-	-	74,288
-	-	55,000	55,000
862,243	226,592	2,230,965	13,199,622
(84,971)	14,554	(907,928)	(732,324)
-	-	3,355,000	3,355,000
-	-	-	237,890
-	-	-	(211,812)
-	-	-	58,320
-	-	3,355,000	3,439,398
(84,971)	14,554	2,447,072	2,707,074
107,064	22,690	-	3,371,274
$ 22,093	$ 37,244	$ 2,447,072	$ 6,078,348

EASTTOWN TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-- MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES-- MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 2,707,074
Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.	1,416,287
Bond and note proceeds, along with related premiums, provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	(2,940,000)
The internal service fund is used by management to account for the activities of the Easttown Municipal Authority. The change in net position of the internal service fund activity is reported with governmental activities..	(170,690)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,012,671

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Sewer Revenue Fund	Total Enterprise Funds	Municipal Authority
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 229,099	$ 1,304,452	$ 1,533,551	$ 2,683,407
CAPITAL ASSETS				
Land and improvements	-	-	-	294,170
Buildings	-	-	-	800,746
Equipment and furniture	-	501,618	501,618	24,301,435
Accumulated depreciation	-	(471,170)	(471,170)	(13,545,862)
TOTAL CAPITAL ASSETS	-	30,448	30,448	11,850,489
TOTAL ASSETS	229,099	1,334,900	1,563,999	14,533,896
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on on refunding, net	-	-	-	106,472
LIABILITIES				
CURRENT LIABILITIES				
Due to other funds	-	17,109	17,109	-
Bonds payable	-	-	-	944,794
	-	17,109	17,109	944,794
LONG-TERM DEBT, less current portion	-	-	-	14,388,855
TOTAL LIABILITIES	-	17,109	17,109	15,333,649
NET POSITION				
Net investment in capital assets	-	30,448	30,448	(1,800,491)
Unrestricted	229,099	1,287,343	1,516,442	1,107,210
TOTAL NET POSITION	$ 229,099	$ 1,317,791	$ 1,546,890	$ (693,281)

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Solid Waste Fund	Sewer Revenue Fund	Total Enterprise Funds	Municipal Authority
OPERATING REVENUES				
Charges for services				
Sewer rents and fees	$ -	$ 3,653,118	$ 3,653,118	$ -
Sewer lease	-	-	-	1,220,457
Solid waste	1,488,227	-	1,488,227	-
TOTAL OPERATING REVENUES	1,488,227	3,653,118	5,141,345	1,220,457
OPERATING EXPENSES				
Administrative expenses	52,622	94,694	147,316	13,610
Salaries and benefits	203,137	832,767	1,035,904	-
Contracted services	1,145,024	-	1,145,024	-
Insurance	16,808	69,244	86,052	-
Professional services	-	62,614	62,614	-
System rent	-	1,220,457	1,220,457	-
Wastewater treatment services	-	1,533,902	1,533,902	-
Repairs and maintenance	-	192,636	192,636	72,967
Utilities	-	193,289	193,289	-
Depreciation	-	56,430	56,430	1,033,902
TOTAL OPERATING EXPENSES	1,417,591	4,256,033	5,673,624	1,120,479
OPERATING INCOME (LOSS)	70,636	(602,915)	(532,279)	99,978
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	89,406	-	89,406	-
Investment income	242	13,670	13,912	136,406
Interest and amortization expense	-	-	-	(407,074)
TOTAL NONOPERATING REVENUES (EXPENSES)	89,648	13,670	103,318	(270,668)
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	160,284	(589,245)	(428,961)	(170,690)
INTERFUND TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	(26,078)	(26,078)	-
TOTAL INTERFUND TRANSFERS	-	(26,078)	(26,078)	-
CHANGE IN NET POSITION	160,284	(615,323)	(455,039)	(170,690)
NET POSITION AT BEGINNING OF YEAR	68,815	1,933,114	2,001,929	(522,591)
NET POSITION AT END OF YEAR	$ 229,099	$ 1,317,791	$ 1,546,890	$ (693,281)

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP
STATEMENT OF CASH FLOWS--MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Sewer Revenue Fund	Total Enterprise Funds	Municipal Authority
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,488,227	$ -	$ 1,488,227	$ -
Cash received from rental and tapping fees	-	3,653,118	3,653,118	1,220,457
Cash paid to vendors for goods and services	(1,214,454)	(3,349,727)	(4,564,181)	(86,577)
Cash paid to employees for services	(203,137)	(832,767)	(1,035,904)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	70,636	(529,376)	(458,740)	1,133,880
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	(26,078)	(26,078)	-
Operating grants	89,406	-	89,406	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	89,406	(26,078)	63,328	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payment on debt	-	-	-	(805,000)
Interest paid on capital debt	-	-	-	(423,560)
Acquisition, construction and improvements of capital assets	-	(23,200)	(23,200)	(942,232)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(23,200)	(23,200)	(2,170,792)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	242	13,670	13,912	136,406
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	160,284	(564,984)	(404,700)	(900,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	68,815	1,869,436	1,938,251	3,583,913
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 229,099	$ 1,304,452	$ 1,533,551	$ 2,683,407
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 70,636	$ (602,915)	$ (532,279)	$ 99,978
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	-	56,430	56,430	1,033,902
Increase in due to other funds	-	17,109	17,109	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 70,636	$ (529,376)	$ (458,740)	$ 1,133,880

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION--
MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Uniformed Employees' Pension Fund	Non-Uniformed Employees' Pension Fund
ASSETS		
Cash	$ 258,944	$ 95,793
Investments	14,117,881	3,910,590
Due from other funds	11,022	-
TOTAL ASSETS	$ 14,387,847	$ 4,006,383
LIABILITIES		
Due to other funds	$ -	$ 11,022
NET POSITION		
Held in trust for pension benefits and other purposes	$ 14,387,847	$ 3,995,361

See accompanying notes to the basic financial statements.

EASTTOWN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION--
MODIFIED CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Uniformed Employees' Pension Fund	Non-Uniformed Employees' Pension Fund
ADDITIONS		
Contributions		
Employer and Commonwealth	$ 1,027,888	$ 62,809
Employee	123,332	6,697
TOTAL CONTRIBUTIONS	1,151,220	69,506
Investment earnings		
Gain on sales	2,436,876	811,858
Decrease in fair market value of assets	(1,321,522)	(515,368)
Interest and dividends	365,644	114,525
TOTAL INVESTMENT EARNINGS	1,480,998	411,015
Less investment expense	(51,935)	(17,242)
NET INVESTMENT EARNINGS	1,429,063	393,773
TOTAL ADDITIONS	2,580,283	463,279
DEDUCTIONS		
Payments to participants	635,069	348,651
TOTAL DEDUCTIONS	635,069	348,651
CHANGE IN NET POSITION	1,945,214	114,628
NET POSITION AT BEGINNING OF YEAR	12,442,633	3,880,733
NET POSITION AT END OF YEAR	$ 14,387,847	$ 3,995,361

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Easttown Township (the “Township”) is a Second-Class Township located in Chester County, Pennsylvania. The Township is governed by a five-member Board of Supervisors. Supervisors are elected at large for six-year terms in staggered elections. The Board of Supervisors is responsible for the administration, management and operation of the Township. The duties of the Board of Supervisors include the adoption of the annual operating budget, capital improvements, maintenance of roads, public safety and planned development.

The financial statements of the Township have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

<u>Financial Reporting Entity</u>

In determining the financial reporting entity, the Township complies with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No.14 and No. 34*. In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The Easttown Municipal Authority is a legally separate entity that was formed for the sole purpose of planning, constructing, renovating, and acquiring certain assets for the collection and treatment of wastewater for the benefit of the residents of the Township. The Authority’s Board consists of five members appointed for a five-year term by the Township Board of Supervisors and the Township has guaranteed the debt of the Authority. The activities of the Authority are blended as part of the primary government as an internal service fund in the accompanying financial statements. The Township has guaranteed the debt of the Authority. The Authority issues separately audited financial reports, which may be obtained through the Township’s office.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Original and supplemental budgets are included under the heading of budget in the financial statements. Appropriations lapse at year-end.

Fund Accounting

The accounts of the Township are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses. The various funds are grouped into the categories governmental and proprietary.

The Township reports the following major Governmental Funds:

- The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety and recreation. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units.

- The *Capital Projects Fund* is used to account for financial resources used for the acquisition of major capital facilities or equipment.

- The *Highway Aid Fund* is used to account for the proceeds of specific revenue sources restricted to expenditures for the construction and maintenance of streets and highways.

- The *Library Fund* is used to account for all financial resources that are legally restricted to expenditures for the Library.

- The *Parks and Recreation Fund* is used to account for all financial resources that are legally restricted to expenditures for park and recreation activities.

- The *Fire Fund* is used to account for all financial resources that are legally restricted to expenditures for fire services.

The Township reports the following major Proprietary Funds:

- The *Solid Waste Fund* and *Sewer Revenue Fund* are used to account for the refuse and sewer operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed or recovered through user charges.

- The *Municipal Authority* accounts for the activities of the Easttown Municipal Authority (the “Municipal Authority”), which is a blended component unit of the Township as an internal service fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net position--modified cash basis and the statement of activities--modified cash basis display information about the Township as a whole. These statements include the financial activity of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recognized when cash is received and expenses are recorded when paid. Modifications to the cash basis include the recording of capital assets and related depreciation as well as long-term debt and related premiums, discounts, and deferred charges.

The government-wide statement of activities--modified cash basis presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of the Governmental and Proprietary Funds financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when the cash is received and expenditures are recorded when spent, except for the recording of interfund receivables and payables, escrow liabilities, and long-term debt in the Proprietary Funds and depreciation expense on capital assets in the fund statements for Proprietary Fund activities. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) or current cash resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. The statement of revenues, expenses and changes in net position--modified cash basis presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Enterprise Funds are sewer and refuse charges. Operating expenses for the Township's Enterprise Funds include operating and administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the Township reports two Fiduciary Funds. The Pension Trust Funds account for the activities of the Uniformed Employees' Pension Plan and the Non-Uniformed Employees' Pension Plan, which accumulate resources for pension benefit payments to qualified employees. The assets reported in these funds can only be used for the trust beneficiaries.

Real Estate Tax Calendar

The Township imposes a property tax of 5.99 mills ($5.99 per $1,000 of assessed valuation) on the assessed valuations determined by the County of Chester consisting of 3.918 mills for general purposes, 0.113 mills for parks and recreation, 0.615 mills for capital projects, 0.569 mills for library, and 0.784 mills for fire services. Property taxes are levied on March 1 of the calendar year. Property taxes are discounted 2% if remitted by May 1, are due July 1 and are penalized 10% if paid after July 1. Property taxes constitute a lien against real property and can typically be collected in full when the property transfers. Liens are filed for unpaid property taxes on January 15 of the following year. Only balances that remain after tax sales are written off each year.

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

Investments

The Township has adopted GASB Statement No. 72, *Fair Market Value and Application*. This statement requires the Township to record investments at fair value.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	25-40
Library collection	10
Vehicles	5
Furniture and equipment	5-15

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one item that qualifies for reporting in this category. The deferred charge on refunding reported on the statement of net position 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.

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 does not have any items that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance and GASB Statement No. 54

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

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

- ***Restricted*** - Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***Committed*** - Amounts that are constrained for specific purposes that are internally imposed by the government through formal resolution of the Board of Supervisors and do not lapse at year-end.

- ***Assigned*** - Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Board of Supervisors has authorized the Township Manager to assign fund balance.

- ***Unassigned*** - Amounts not contained in other classifications.

The details of the fund balances are included in the Governmental Funds balance sheet. Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

The Township's deposits with financial institutions at December 31, 2024, consisted of cash and cash equivalents totaling $8,506,820. The fiduciary funds deposits with financial institutions at December 31, 2024, consisted of cash and cash equivalents totaling $354,737.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. Cash and cash equivalents in excess of federal depository insurance are collateralized through a pool of investment grade marketable securities held by the Township's depository institution. Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal deposit insurance limits. As of December 31, 2024, the Federal Depository Insurance Corporation insured $250,000 of the Township's $9,481,940 bank balances and $2,495,960 was invested in state investment pools which is uninsured and uncollateralized. All of the funds invested in statement investment pools are deposited in the PLGIT 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 its objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit. The remaining bank balances of $6,735,980 were exposed to custodial credit risk and collateralized in accordance with Act 72.

As of December 31, 2024, the Federal Depository Insurance Corporation insured $250,000 of the Fiduciary funds $354,737 bank balance and $104,737 was uninsured.

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Pennsylvania statutes authorize the Township to invest to invest its funds as defined in the Township Code. Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the Township may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value.

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

Investments

As of December 31, 2024, the Township had the following investments:

Investment Type	Fair Value	Investment Maturities Less Than One Year
Domestic equity	$ 10,105,507	$ 10,105,507
International equity	1,826,307	1,826,307
Fixed income	6,096,657	6,096,657
	$ 18,028,471	$ 18,028,471

Concentration of Credit Risk - The Township places no limit on the amount that may be invested in any one issuer. As of December 31, 2024, the Township had no individual investments that exceeded more than 5% of the Township's total 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 market prices in active markets for identical assets: Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township's investments in mutual funds of $18,028,471 are valued using quoted market prices (Level 1 inputs) as of December 31, 2024.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 2,264,314	$ 5,585	$ -	$ 2,269,899
Construction in progress	2,175,095	-	(2,175,095)	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	4,439,409	5,585	(2,175,095)	2,269,899
Capital assets being depreciated				
Infrastructure	21,522,168	3,561,458	-	25,083,626
Building and improvements	12,127,322	1,127,012	-	13,254,334
Library collection	1,900,000	-	-	1,900,000
Furniture and equipment	2,399,599	270,079	-	2,669,678
TOTAL CAPITAL ASSETS BEING DEPRECIATED	37,949,089	4,958,549	-	42,907,638
Accumulated depreciation				
Infrastructure	(12,045,115)	(1,029,705)	-	(13,074,820)
Building and improvements	(7,595,712)	(293,479)	-	(7,889,191)
Library collection	(1,900,000)	-	-	(1,900,000)
Furniture and equipment	(1,936,421)	(141,238)	-	(2,077,659)
TOTAL ACCUMULATED DEPRECIATION	(23,477,248)	(1,464,422)	-	(24,941,670)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	14,471,841	3,494,127	-	17,965,968
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 18,911,250	$ 3,499,712	$ (2,175,095)	$ 20,235,867
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Machinery and equipment	$ 478,418	$ 23,200	$ -	$ 501,618
Accumulated depreciation				
Machinery and equipment	(414,740)	(56,430)	-	(471,170)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 63,678	$ (33,230)	$ -	$ 30,448

Governmental activities depreciation expense was $1,464,422 and business-type activities depreciation expense was $56,430 for the year ended December 31, 2024.

NOTE D - LONG-TERM DEBT

As of December 31, 2024, bonds and notes payable consisted of the following individual issues:

GOVERNMENTAL ACTIVITIES	
General Obligation Bonds, Series of 2012, dated June 21, 2012, due in installments through August 1, 2029, bearing interest at various rates ranging from 1.00% to 3.00%	$ 1,550,000
Guaranteed Sewer Revenue Bonds, Series of 2019, due in annual installments through 2036, bearing interest at fixed rates of 2.0% to 3.00%	5,370,000
Guaranteed Sewer Revenue Bonds, Series of 2020, due in annual installments through 2040, bearing interest at fixed rates of 2.00% to 4.00%	9,545,000
General Obligation Notes, Series of 2024, dated March 26, 2024, due in installments through September 1, 2044, bearing interest at 4.74%	3,225,000
TOTAL GOVERNMENTAL ACTIVITIES	$ 19,690,000

General Obligation Bonds and Notes are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Township. General Obligation Bonds and Notes require the Township to include in its annual budget such amounts from general revenues for the payment (in each year bonds and notes are outstanding) of interest and principal. The Township is in compliance with this requirement.

On June 21, 2012, the Township issued General Obligation Bonds, Series of 2012 (the "Series 2012 Bonds") to a financial institution in the principal amount of $4,425,000. The proceeds of the Series 2012 Bonds were used for (a) the partial advance refunding of the Township's General Obligation Bonds, Series of 2008 and (b) payment of the costs to issue the Series 2012 Bonds. The Series 2012 Bonds are payable annually in varying amounts from September 2013 to September 2029 and bear interest at rates between 1.00%-3.00%.

On October 24, 2019, the Municipal Authority issued the Guaranteed Sewer Revenue Bonds, Series of 2019 (the "Series 2019 Bonds") to a financial institution in the principal amount of $9,725,000. The proceeds of the Series 2019 Bonds were used for (a) the current refunding of the remaining outstanding Guaranteed Sewer Revenue Bonds, Series of 2011, (b) the partial current refunding of the Guaranteed Sewer Revenue Bonds, Series of 2012, and (c) the payment of costs incurred to issue the Series 2019 Bonds. The Series 2019 Bonds are payable annually in varying amounts from September 2020 to September 2036 and are secured by the guaranty of the Township. Interest is payable monthly at fixed rates of 2.00%-3.00%.

NOTE D - LONG-TERM DEBT (Continued)

On December 29, 2020, the Municipal Authority issued the Guaranteed Sewer Revenue Bonds, Series of 2020 (the "Series 2020 Bonds") to a financial institution in the principal amount of $7,935,000. The proceeds of the Series 2020 Bonds were used for (a) the current refunding of the remaining outstanding Guaranteed Sewer Revenue Bonds, Series of 2012, (b) the current refunding of the remaining outstanding Guaranteed Sewer Revenue Bonds, Series of 2013, (c) the current refunding of the remaining outstanding Guaranteed Sewer Revenue Bonds, Series of 2014, (d) to fund $3,380,000 to the capital program, and (e) the payment of costs incurred to issue the Series 2020 Bonds. The Series 2020 Bonds are payable annually in varying amounts from September 2021 to September 2040 and are secured by the guaranty of the Township. Interest is payable monthly at fixed rates of 2.00%-4.00%. The Municipal Authority refunded the Guaranteed Sewer Revenue Bonds to reduce future debt service payments by $269,802.

On March 26, 2024, the Township issued General Obligation Notes, Series of 2024 (the "Series 2012 Bonds") to a financial institution in the principal amount of $3,355,000. The proceeds of the Series 2024 Notes were used for partial funding for (a) a new fire station, (b) other capital projects of the Township, and (c) payment of costs incurred to issue the 2024 Notes. The Series 2024 Notes are payable annually in varying amounts from September 2025 to September 2044 and bear interest at 4.74%.

The annual aggregate maturities for the years subsequent to December 31, 2024, are as follows:

Year Ending December 31,	Principal	Interest	Total Debt Service
2025	$ 1,310,000	$ 590,490	$ 1,900,490
2026	1,355,000	543,135	1,898,135
2027	1,390,000	509,108	1,899,108
2028	1,445,000	471,394	1,916,394
2029	1,490,000	426,243	1,916,243
2030 to 2034	6,210,000	1,528,738	7,738,738
2035 to 2039	4,820,000	674,467	5,494,467
2040 to 2044	1,670,000	172,560	1,842,560
	$ 19,690,000	$ 4,916,135	$ 24,606,135

NOTE D - LONG-TERM DEBT (Continued)

During the year ended December 31, 2024, long-term debt activity was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amount Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds and Notes					
Series of 2012	$ 1,835,000	$ -	$ (285,000)	$ 1,550,000	$ 295,000
Series of 2019	6,020,000	-	(650,000)	5,370,000	720,000
Series of 2020	9,700,000	-	(155,000)	9,545,000	195,000
Series of 2024	-	3,355,000	(130,000)	3,225,000	100,000
Bond premiums	448,443	-	(29,794)	418,649	29,794
TOTAL GOVERNMENTAL ACTIVITIES	$ 18,003,443	$ 3,355,000	$ (1,249,794)	$ 20,108,649	$ 1,339,794

The Township leases from Easttown Municipal Authority sewerage facilities purchased in 1969 and facilities constructed with the proceeds from the Authority's bond issues. The facilities are leased through December 1, 2027, for annual payments which vary to meet debt service requirements of the Authority. The Township has also guaranteed the debt of the Authority.

NOTE E - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to those employees who meet the eligibility requirements set forth in the deferred compensation plan, permits employees to defer a portion of their salary until future years. Assets of the deferred compensation plan are not available to employees until termination, retirement, death, disability, or unforeseeable emergency. All amounts of compensation deferred under the deferred compensation plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The Township has no liability for losses under the plan. Investments are managed by the plan's administrator under several different investment options or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the deferred compensation plan. Accordingly, the assets of the Deferred Compensation Plan are not included in these financial statements.

An employee participating in the plan may defer a maximum of 100% of normal compensation or $15,500, whichever is less. Employees may invest at their discretion in different funds offered by the trustee, ICMA Retirement Corporation.

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

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Description

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

Management of the plan is vested in the Police Pension Plan Committee, which consists of three members--two members of the Board of Supervisors and the Township Manager. The Committee is responsible for managing, investing and monitoring the Township's Police Pension Plan.

Plan Membership - At December 31, 2024, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	16
	31

Benefits Provided - The plan is a single-employer Public Employee Retirement System (PERS) established by the Township to provide pension benefits for each person in the employ of the Township Police Department whose customary employment is not for fewer than five months per year.

Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 52 and completion of 25 years of service. A member shall have the opportunity to vest his benefit if he terminates employment after 12 years of service. His benefit will be equal to his normal retirement benefit multiplied by a percentage of his actual years of service over years of service the member would have rendered if he had continued working to the normal retirement date. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his contributions plus interest credited at a rate of 4% per annum, if any. The normal retirement benefit is 50% of the member's monthly average salary. The monthly average salary is calculated as the average actual monthly salary of the employee over the final 36 months of active continuous employment. It shall include all Pennsylvania W-2 compensation but shall exclude lump sum payments for sick days and vacation paid for which no employee contributions were required.

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

The surviving family of a police officer who is killed in the line of duty shall receive the benefits provided for and subject to the terms of Act 51 of 2009. In the event that a member who was not killed in service is receiving or eligible to receive his normal retirement benefit, his surviving spouse will receive, until death, 50% of the member's normal retirement benefit. If there is no surviving spouse or if the spouse dies, the member's child or children will receive the benefit until age 18, or age 23 if attending college.

A member who suffers a total and permanent disability while in the service as a police officer shall receive a pension equal to 70% of his monthly average salary up to their normal retirement date and 50% thereafter, reduced by any Worker's Compensation or other disability benefits to which the Township has contributed.

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

Members currently contribute 5.0% of their compensation to the fund. Contributions are subject to collective bargaining.

DROP Benefit - A member who has attained Normal Retirement Age may submit an application to enter a DROP program for a period of up to five years. If approved, all payments made into the DROP will be payable at the member's request in a lump sum at the member's actual retirement. As of December 31, 2024, the balance in the DROP program is $677,547, this balance is included in the Total Pension Liability and the Plan Fiduciary Net Position.

<u>Investments</u>

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Plan Committee. It is the policy of the Committee to pursue an investment strategy that 1) maintains a fully funded status with regard to accumulated health benefits obligations, 2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, 3) maintains flexibility in determining the future level of contributions and 4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Committee's adopted asset allocation policy as of December 31, 2024:

Asset Class	Target Allocation
Cash	2%
Domestic equity	42%
International equity	23%
Fixed income	33%
	100%

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

Concentrations - As of December 31, 2024, the Township had no individual investments that exceeded more than 5% of the Township's total investments.

Rate of Return - For the year ended December 31, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2024, were as follows:

Total pension liability	$ 17,578,922
Plan fiduciary net position	(14,387,847)
NET PENSION LIABILITY	$ 3,191,075
Plan fiduciary net position as a percentage of the total pension liability	81.85%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase, including inflation
Investment rate of return	7.0%

Mortality rates are based on the 2010 Public Retirement Plan – Public Safety amount-weighted mortality tables using separate rates for Healthy Retiree, Disabled Retiree & Contingent Survivor (PubS-2020). Mortality Improvement from the year 2020 with mortality improvement Scale MP-2021.

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

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

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, 2024 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	1.07%
Domestic equity	8.42%
International equity	9.27%
Fixed income	4.32%

Discount Rate - The discount rate of 7.0% is based on the long-term expected rate of return on plan investments that is 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.

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCES AT DECEMBER 31, 2023	$ 16,584,331	$ 12,442,634	$ 4,141,697
Changes for the year:			
Service cost	458,512	-	458,512
Interest cost	1,171,148	-	1,171,148
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions			
Employer	-	1,027,888	(1,027,888)
Member	-	123,332	(123,332)
Net investment income	-	1,480,997	(1,480,997)
Benefit payments	(635,069)	(635,069)	-
Administrative expenses	-	(51,935)	51,935
NET CHANGES	994,591	1,945,213	(950,622)
BALANCES AT DECEMBER 31, 2024	$ 17,578,922	$ 14,387,847	$ 3,191,075

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 5,284,117	$ 3,191,075	$ 1,459,514

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2024, the Township recognized pension expense of $661,381. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 37,775	$ 276,466
Changes of assumptions	7,372	-
Net difference between projected and actual earnings on pension plan investments	50,579	-
TOTAL	$ 95,726	$ 276,466

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

Year Ending December 31,	
2025	$ 94,378
2026	227,318
2027	(366,743)
2028	(148,696)
2029	6,193
Thereafter	6,810
	$ (180,740)

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Non-Uniformed Employees' Pension Plan investments are carried at fair value as reported by the investment managers. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Description

Plan Administration - The Township administers the Non-Uniformed Employees' Pension Plan--a single-employer plan established by the Township to provide pension benefits for each person in the employ of the Township on the 90th day following the date of hire.

The plan was available to non-uniformed, non-bargaining employees hired prior to January 1, 2010, and non-uniformed bargaining employees hired prior to January 1, 2012. As of January 1, 2012, the defined benefit plan was closed to all new employees.

Management of the plan is vested in the Non-Uniformed Pension Plan Committee, which consists of three members--two members of the Board of Supervisors and the Township Manager. The Committee is responsible for managing, investing and monitoring the Township's Non-Uniformed Employees' Pension Plan.

Plan Membership - At December 31, 2024, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	4
	26

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 65 and completion of five years of service. A member is eligible for early retirement on the first of the month coincident with or next following age 62 and ten years of credited service. A member who has completed five or more years of credited service on his termination date shall be fully vested in part (a) of his accrued benefit, based on credited service and final average earnings at the date of termination, commencing at his normal retirement date. If a member has completed ten or more years of credited service at the date of termination, he may elect to receive his benefit on or after age 62. This benefit will be calculated in the same manner as the early retirement benefit. A member may elect a refund of his member contributions plus interest credited at a rate of 7% per annum but upon such election would waive his right to part (b) of his accrued benefit. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his member contributions plus interest credited at a rate of 7% per annum, if any.

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

The normal retirement benefit is the accrued benefit based on credited service, final average earnings and member contributions at the normal retirement date. The accrued benefit is the sum of part (a) and part (b). Part (a) is 1.5% of the member's final average earnings multiplied by credited service. Part (b) is the amount of monthly income for life that is the actuarial equivalent of the sum of the member's contributions.

The early retirement benefit is the accrued benefit under part (a) based on credited service and final average earnings at the date of determination, reduced by 5/9ths of 1% for each month that benefit commencement date precedes the normal retirement date plus part (b). Credited service is calculated as the years and completed calendar months of continuous service as a non-uniformed employee of the Township. Final average earnings are calculated as 1/60 of the member's aggregate earnings (basic earnings and overtime) from employment by the Township during the final 60 months as an employee.

Upon the death of an active member who had met age and service requirements for a pension benefit, the surviving spouse, if any, is entitled to receive a benefit calculated as if the member had retired on the date of his death and elected a joint and 100% survivor option. Upon the death of any other non-retired member, a refund of his member contributions plus interest credited at the rate of 7% per annum will be paid to the member's designated beneficiary.

A member who received a total and permanent disability after ten years of credited service will receive a pension of $150 per month (beginning six months after the onset of disability) during his period of disability or until the normal retirement date, whichever is earlier.

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

Employees are required to contribute 2% of their aggregate earnings to the fund. Contributions are subject to collective bargaining.

Investments

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

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

The following was the Committee's adopted asset allocation policy as of December 31, 2024:

Asset Class	Target Allocation
Cash	2%
Domestic equity	39%
International equity	21%
Fixed income	38%
	100%

Concentrations - As of December 31, 2024, the Township had no individual investments that exceeded more than 5% of the Township's total investments.

Rate of Return - For the year ended December 31, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 10.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2024, were as follows:

Total pension liability	$ 4,804,666
Plan fiduciary net position	(3,995,361)
NET PENSION LIABILITY	$ 809,305
Plan fiduciary net position as a percentage of the total pension liability	83.16%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4% annual increase, including inflation
Investment rate of return	7.0%

Mortality rates are based on the 2010 Public Retirement Plan – Public Safety amount-weighted mortality tables using separate rates for Healthy Retiree, Disabled Retiree & Contingent Survivor (PubS-2020). Mortality Improvement from the year 2020 with mortality improvement Scale MP-2021.

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Due to the size of the plan, no experience studies were 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 pension plan's target asset allocation as of December 31, 2024 (see the pension plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	1.07%
Domestic equity	8.42%
International equity	9.27%
Fixed income	4.32%

Discount Rate - The discount rate of 7.0% is based on the long-term expected rate of return on plan investments that is 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.

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCES AT DECEMBER 31, 2023	$ 4,794,220	$ 3,880,733	$ 913,487
Changes for the year:			
Service cost	33,176	-	33,176
Interest cost	325,921	-	325,921
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions			
Employer	-	62,809	(62,809)
Member	-	6,697	(6,697)
Net investment income	-	411,015	(411,015)
Benefit payments	(348,651)	(348,651)	-
Administrative expenses	-	(17,242)	17,242
NET CHANGES	10,446	114,628	(104,182)
BALANCES AT DECEMBER 31, 2024	$ 4,804,666	$ 3,995,361	$ 809,305

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 1,252,921	$ 809,305	$ 423,290

NOTE G - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2024, the Township recognized pension expense of $206,543. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 18,871	$ -
Changes of assumptions	4,863	-
Net difference between projected and actual earnings on pension plan investments	115,741	-
TOTAL	$ 139,475	$ -

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

Year Ending December 31,	
2025	$ 113,843
2026	138,049
2027	(82,450)
2028	(29,967)
2029	-
Thereafter	-
	$ 139,475

NOTE H - DEFINED CONTRIBUTION PLAN

The Township sponsors a defined contribution pension plan (the "Defined Contribution Plan"). The Defined Contribution Plan covers all full-time nonuniform employees of the Township who are hired after January 10, 2010. The assets of the Defined Contribution Plan are invested separately, and may be used only for the payment of benefits to the members of the Defined Contribution Plan. Investments are managed by the Defined Contribution Plan's administrator under several different investment options, or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the Defined Contribution Plan. Accordingly, the assets of the Defined Contribution Plan are not included in these financial statements.

Under the plan, the employer contributes 10% of total employee earnings, with no participant contribution. Covered employees are fully vested in employer contributions after five years of service.

NOTE H - DEFINED CONTRIBUTION PLAN (Continued)

This plan was established effective January 1, 2010, with immediate entry into the plan for eligible employees. As of December 31, 2024, employees have enrolled into the plan, and for the year ended December 31, 2024 the Township has made contributions of $89,122 to the plan.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides health benefits and sick leave benefits to eligible retired police officers and spouses, as well as eligible non-uniformed employees, through a single-employer defined benefit plan. The objective of the plan is to provide members with health benefits through age 65 and pay members for any unused sick leave as of the time of retirement. The plan is accounted for as a trust fund.

Measurement Date

At December 31, 2024, the Township reported Total OPEB liability measured as of January 1, 2024, and the total OPEB liability was determined by performing update procedures and rolling forward the January 1, 2024 actuarial valuation to December 31, 2024.

Plan Membership - At December 31, 2024, plan membership consisted of the following:

Active participants	22
Vested former participants	-
Retired participants receiving benefits	12
	34

Eligibility for Benefits

Uniformed - An officer will be eligible for coverage upon normal retirement after attainment of age 52 with at least 25 years of service. In addition, an officer will be eligible upon occurring a total and permanent disability or upon death of an active officer, the spouse will receive coverage for six months. Benefits will be provided until individual's eligibility for Medicare.

Non-Uniform Union - An employee will be eligible for coverage upon normal retirement after attainment of age 62 to 64 with at least 25 years of service. In addition, an employee will be eligible upon occurring a total and permanent disability. Benefits will be provided until individual's attainment of age 65.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided

Uniformed - Medical and Prescription drug benefits available to all retirees, as well as spouses of full-time officers hired prior to January 1, 2016. Dental and vision benefits are also provided for all retirees, as well as spouses of full-time officers. Life insurance is provided for retired officers in the amount of $10,000 or $20,000 depending upon retirement date.

Non-Uniform Union - Medical and Prescription drug benefits provided to retirees. Up to $2,500 of annual out of pocket expenses are reimbursed through an HRA. Dental benefits are also provided for retirees.

Funding Policy and Funding Status

The Township is required to pay an actuarially determined amount to support benefits for each member. The costs of administering the plan are paid by the Township.

Assumptions

The following assumptions and actuarial methods and calculations were used:

Interest Rate – 4.25%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2024.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 3.5% for both Uniformed and Non-Uniformed Union employees.

Health Care Cost Trend Rate – 7.75% in 2024 grading down to 4.75% in 2030. Trend rates are based on plan experience, historical trends and industry norms.

Withdrawal – Sample rates are shown below.

Age	Males	Females
25	4.929%	6.940%
35	2.372%	3.202%
45	0.666%	1.196%
50	0.000%	0.521%

Mortality – *Uniformed* - Pub-2010 Public Safety and General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019.

Non-Uniformed - Pub-2010 Public Safety and General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Disability – Participants are assumed to become disabled in accordance with annual rates varying by age. Sample rates are shown below.

Age	Rate
25	0.171%
35	0.301%
45	0.661%
55	1.878%
64	3.019%

Retirement – *Uniformed* - Assumed 100% retirement after reaching age 52 with at least 25 years of service.

Non-Uniformed Union - Assumed 100% retirement after reaching age 62 with at least 25 years of service.

Percent of Eligible Retirees Electing Coverage in Plan – 100% of future retirees are assumed to elect coverage at retirement.

Percent Married of Retirement – 90% of future retirees are assumed to be married and have a spouse covered by the plan at retirement.

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

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

Changes in Assumptions – In the 2024 actuarial valuation, the discount rate changed from 2.75% to 4.25%. The actuarial cost method was changed from projected unit credit to entry age normal as a level-percent of-payroll.

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2024	$ 4,574,897
Changes for the year	
Service cost	157,453
Interest cost	150,636
Changes in assumptions	(319,828)
Difference between expected and actual experience	(810,720)
Benefit payments	(116,073)
Net changes	(938,532)
Balance at December 31, 2024	$ 3,636,365

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

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease 3.25%	Current Discount Rate 4.25%	1% Increase 5.25%
Total OPEB liability	$ 3,921,553	$ 3,636,365	$ 3,378,449

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$ 3,360,839	$ 3,636,365	$ 3,953,909

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2024, the Township recognized OPEB income of $16,915. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,089,209
Changes in assumptions	139,548	405,658
	$ 139,548	$ 1,494,867

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

Year Ending December 31,	
2025	$ (279,771)
2026	(190,434)
2027	(160,959)
2028	(151,241)
2029	(120,696)
Thereafter	(452,218)
	$ (1,355,319)

NOTE J - COMMITMENTS AND CONTINGENCIES

Bulk Wastewater Treatment Agreements

The Township has entered into agreements with four other municipal authorities which provide for the treatment of a portion of the wastewater collected by the Township. For the year ended December 31, 2024, the Township purchased wastewater treatment services under these agreements totaling $1,533,902.

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

NOTE J - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

NOTE K - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE L - COMPENSATED ABSENCES

The Township does not accrue sick and vacation leave but expenses these costs as paid. At retirement, the Township shall reimburse accumulated sick time with a cap of 189 days for police officers and a cap of 180 days for all other employees depending on their date of hire. Police officers are permitted to carry over unused vacation time to the next year; however, carried over time will be forfeit if not used within nine months. All other employees are permitted to carry over unused vacation time to the next year; however, carried over time will be forfeit if not used within six months.

NOTE M - SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Township entered into discussions with certain lenders regarding a potential debt financing transaction. As of the date these financial statements were issued, no definitive agreements had been executed and the final terms, amount, timing, and structure of the proposed financing remain subject to negotiation and approval.

If completed, the proposed financing is expected to provide additional liquidity for capital expenditures. The Township has evaluated subsequent events through May 20, 2026, and no adjustments to the accompanying financial statements were required as a result of this matter.

SUPPLEMENTARY INFORMATION

EASTTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE--
MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 6,117,536	$ 6,117,536	$ 6,414,126	$ 296,590
Fees and fines	31,600	31,600	34,649	3,049
Licenses and permits	242,500	242,500	228,292	(14,208)
Intergovernmental	312,725	312,725	595,253	282,528
Charges for services	1,202,200	1,202,200	1,326,972	124,772
Investment earnings	30,000	30,000	101,255	71,255
Miscellaneous	423,500	423,500	139,581	(283,919)
TOTAL REVENUES	8,360,061	8,360,061	8,840,128	480,067
EXPENDITURES				
Current				
General government	1,260,157	1,260,157	1,223,304	36,853
Public safety	6,473,675	6,473,675	6,589,976	(116,301)
Public works	626,229	626,229	536,189	90,040
Culture and recreation	-	-	26,200	(26,200)
TOTAL EXPENDITURES	8,360,061	8,360,061	8,375,669	(15,608)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	464,459	464,459
OTHER FINANCING SOURCES (USES)				
Interfund transfers	353,500	353,500	(91,812)	(445,312)
NET CHANGE IN FUND BALANCE	$ 353,500	$ 353,500	$ 372,647	$ 19,147

See accompanying note to the budgetary comparison schedule--modified cash basis.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on the modified cash basis of accounting for all Township funds, which is not consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

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

Excess of Expenditures Over Appropriations

General government expenditure over budget reflects an increase in employee payroll and benefits, as well as higher than expected legal services expenses and general government buildings and plant expenses. Public safety expenditures over budget reflect an increase in police department payroll and benefits. Public works expenditures over budget reflect an increase in equipment rental and repair expense related to snow and ice maintenance.

EASTTOWN TOWNSHIP

SCHEDULES OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS

	2024	2023	2022	2021
TOTAL PENSION LIABILITY				
Service cost	$ 458,512	$ 482,714	$ 443,481	$ 454,313
Interest	1,171,148	1,106,121	1,042,695	936,010
Other changes	-	-	316,634	-
Differences between expected and actual experience	-	50,161	-	(594,246)
Changes of assumptions	-	-	-	15,848
Benefit payments	(635,069)	(636,284)	(661,056)	(644,067)
NET CHANGE IN TOTAL PENSION LIABILITY	994,591	1,002,712	1,141,754	167,858
Total pension liability, beginning	16,584,331	15,581,619	14,439,865	14,272,007
TOTAL PENSION LIABILITY, ENDING (a)	$ 17,578,922	$ 16,584,331	$ 15,581,619	$ 14,439,865
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 1,027,888	$ 941,311	$ 901,042	$ 793,116
Member	123,332	113,400	107,477	93,849
Net investment income	1,480,997	1,612,210	(2,125,060)	1,380,502
Benefit payments, including refunds of member contributions	(635,069)	(636,284)	(661,056)	(644,067)
Administrative expense	(51,935)	(42,269)	(42,720)	(45,395)
Other	-	-	316,634	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,945,213	1,988,368	(1,503,683)	1,578,005
Plan fiduciary net position, beginning	12,442,634	10,454,266	11,957,949	10,379,944
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 14,387,847	$ 12,442,634	$ 10,454,266	$ 11,957,949
NET PENSION LIABILITY, ENDING (a)-(b)	$ 3,191,075	$ 4,141,697	$ 5,127,353	$ 2,481,916
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	81.90%	75.03%	67.09%	82.81%
COVERED PAYROLL	$ 2,546,544	$ 2,316,111	$ 2,088,301	$ 1,944,082
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	125.31%	178.82%	245.53%	127.67%

NOTES TO SCHEDULES

Changes of assumptions: In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Combined Mortality Table with Blue Collar Adjustment with Scale AA projected to 2015. In prior years, those assumptions were based on the Unisex 1984 Mortality Tables. In the 2021 valuation, interest rate lowered from 7.5% to 7.0%, salary scale lowered from 5.0% to 4.5%, post-retirement mortality changed from RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment projected to 2019 with Scale AA to the Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2020

*2015-2021 do not include DROP balances

	2020	2019	2018	2017	2016	2015
	$ 410,451	$ 373,370	$ 368,459	$ 350,913	$ 335,872	$ 272,611
	885,952	900,555	819,432	778,516	748,503	607,886
	-	-	-	-	-	-
	43,003	(52,381)	-	(121,192)	-	718,994
	583,993	564,171	-	50,068	-	882,149
	(615,701)	(634,020)	(602,064)	(565,703)	(660,450)	(553,044)
	1,307,698	1,151,695	585,827	492,602	423,925	1,928,596
	12,964,309	11,812,614	11,226,787	10,734,185	10,310,260	8,381,664
	$ 14,272,007	$ 12,964,309	$ 11,812,614	$ 11,226,787	$ 10,734,185	$ 10,310,260
	$ 810,267	$ 756,879	$ 753,205	$ 552,344	$ 545,803	$ 386,662
	73,589	87,956	88,564	85,000	82,276	79,289
	1,450,964	1,479,418	(389,737)	1,007,020	375,274	41,516
	(615,701)	(634,020)	(602,064)	(565,703)	(660,450)	(553,044)
	(38,020)	(34,024)	(32,336)	(29,394)	(27,111)	(25,100)
	-	-	-	-	-	-
	1,681,099	1,656,209	(182,368)	1,049,267	315,792	(70,677)
	8,698,845	7,042,636	7,225,004	6,175,737	5,859,945	5,930,622
	$ 10,379,944	$ 8,698,845	$ 7,042,636	$ 7,225,004	$ 6,175,737	$ 5,859,945
	$ 3,892,063	$ 4,265,464	$ 4,769,978	$ 4,001,783	$ 4,558,448	$ 4,450,315
	72.73%	67.10%	59.62%	64.36%	57.53%	56.84%
	$ 1,530,095	$ 1,763,595	$ 1,636,217	$ 1,702,992	$ 1,612,325	$ 1,640,045
	254.37%	241.86%	291.52%	234.99%	282.73%	271.35%

EASTTOWN TOWNSHIP
SCHEDULES OF POLICE PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021
ACTUARIALLY DETERMINED CONTRIBUTION	$ 1,027,888	$ 941,311	$ 901,042	$ 793,116
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	1,027,888	941,311	901,042	793,116
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -
COVERED PAYROLL	$ 2,546,544	$ 2,316,111	$ 2,088,301	$ 1,944,082
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	40.36%	40.64%	43.15%	40.80%

NOTES TO SCHEDULE

Valuation date:	January 1, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	7 years
Asset valuation method	4 Year Smoothing
Inflation	3%
Salary increases	4.5% annual increase, including inflation
Investment rate of return	7%, net of expense
Retirement age	Active members are assumed to retire at age 52 and completion of 25 years of service, or at attained age plus one year, if later
Mortality	Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with mortality improvement scale MP-2020

2020	2019	2018	2017	2016	2015
$ 810,267	$ 756,879	$ 753,205	$ 552,344	$ 545,803	$ 386,662
810,267	756,879	753,205	552,344	545,803	386,662
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,530,095	$ 1,763,595	$ 1,636,217	$ 1,702,992	$ 1,612,325	$ 1,640,045
52.96%	42.92%	46.03%	32.43%	33.85%	23.58%

EASTTOWN TOWNSHIP

SCHEDULES OF CHANGES IN THE NET NON-UNIFORMED EMPLOYEES' PENSION PLAN LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	2024	2023	2022	2021
TOTAL PENSION LIABILITY				
Service cost	$ 33,176	$ 41,569	$ 50,282	$ 52,234
Interest	325,921	324,878	310,784	304,086
Differences between expected and actual experience	-	144,685	-	56,807
Changes of assumptions	-	37,277	-	9,415
Benefit payments	(348,651)	(337,840)	(328,273)	(299,102)
NET CHANGE IN TOTAL PENSION LIABILITY	10,446	210,569	32,793	123,440
Total pension liability, beginning	4,794,220	4,583,651	4,550,858	4,427,418
TOTAL PENSION LIABILITY, ENDING (a)	$ 4,804,666	$ 4,794,220	$ 4,583,651	$ 4,550,858
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 62,809	$ 68,071	$ 58,134	$ 79,755
Member	6,697	8,139	8,498	10,988
Net investment income	411,015	506,917	(783,707)	538,288
Benefit payments, including refunds of member contributions	(348,651)	(337,840)	(328,273)	(299,102)
Administrative expense	(17,242)	(16,490)	(17,948)	(20,029)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	114,628	228,797	(1,063,296)	309,900
Plan fiduciary net position, beginning	3,880,733	3,651,936	4,715,232	4,405,332
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 3,995,361	$ 3,880,733	$ 3,651,936	$ 4,715,232
NET PENSION LIABILITY, ENDING (a)-(b)	$ 809,305	$ 913,487	$ 931,715	$ (164,374)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	83.16%	80.95%	79.67%	103.61%
COVERED PAYROLL	$ 351,983	$ 405,112	$ 387,733	$ 507,507
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	229.93%	225.49%	240.30%	-32.39%

NOTES TO SCHEDULES

Changes of assumptions: In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Combined Mortality Table with Scale AA projected to 2015. In prior years, those assumptions were based on the 1983 Group Annuity Mortality Tables. In the 2021 actuarial valuation, interest rate lowered from 7.5% to 7.0%, salary scale lowered from 5.0% to 3.0%, post-retirement mortality updated from RP-2000 Combined Healthy Mortality Table projected to 2019 with Scale AA to the Pub-2010 General Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2020, the asset method was updated from the default option under Act 205 to 5-year smoothing. The smoothing will apply prospectively, such that as of January 1, 2021, the adjusted market value of assets is equal to the market value of assets.

	2020	2019	2018	2017	2016	2015
	$ 62,928	$ 69,373	$ 67,597	$ 64,379	$ 75,679	$ 106,125
	292,631	307,275	314,166	307,870	305,339	275,433
	29,429	(419,693)	-	(70,466)	-	123,242
	11,538	224,927	-	9,981	-	189,694
	(299,102)	(287,302)	(270,458)	(306,134)	(267,440)	(324,073)
	97,424	(105,420)	111,305	5,630	113,578	370,421
	4,329,994	4,435,414	4,324,109	4,318,479	4,204,901	3,834,480
	$ 4,427,418	$ 4,329,994	$ 4,435,414	$ 4,324,109	$ 4,318,479	$ 4,204,901
	$ 86,430	$ 106,407	$ 105,764	$ 95,406	$ 94,864	$ 95,929
	10,236	10,753	11,718	10,684	11,880	11,498
	624,805	695,247	(188,690)	535,005	217,340	24,008
	(299,102)	(287,302)	(270,458)	(306,134)	(267,440)	(324,073)
	(18,962)	(17,949)	(18,199)	(17,325)	(16,217)	(15,405)
	403,407	507,156	(359,865)	317,636	40,427	(208,043)
	4,001,925	3,494,769	3,854,634	3,536,998	3,496,571	3,704,614
	$ 4,405,332	$ 4,001,925	$ 3,494,769	$ 3,854,634	$ 3,536,998	$ 3,496,571
	$ 22,086	$ 328,069	$ 940,645	$ 469,475	$ 781,481	$ 708,330
	99.50%	92.42%	78.79%	89.14%	81.90%	83.15%
	$ 536,011	$ 524,298	$ 561,044	$ 537,915	$ 614,752	$ 630,057
	4.12%	62.57%	167.66%	87.28%	127.12%	112.42%

EASTTOWN TOWNSHIP
SCHEDULES OF NON-UNIFORMED EMPLOYEES'
PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021
ACTUARIALLY DETERMINED CONTRIBUTION	$ 62,809	$ 68,071	$ 58,134	$ 79,755
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	62,809	68,071	58,134	79,755
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -
COVERED PAYROLL	$ 351,983	$ 405,112	$ 387,733	$ 507,507
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	17.84%	16.80%	14.99%	15.72%

NOTES TO SCHEDULE

Valuation date:	January 1, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	16 years
Asset valuation method	5 year smoothing
Inflation	2.50%
Salary increases	3% annual increase, including inflation
Investment rate of return	7.0%
Retirement age	Active members are assumed to retire at age 65 and completion of five years of service, or at attained age plus one year, if later
Mortality	Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with mortality improvement scale MP-2020

2020	2019	2018	2017	2016	2015
$ 86,430	$ 106,407	$ 105,764	$ 95,406	$ 94,864	$ 95,929
86,430	106,407	105,764	95,406	94,864	95,929
$ -	$ -	$ -	$ -	$ -	$ -
$ 536,011	$ 524,298	$ 561,044	$ 537,915	$ 614,752	$ 630,057
16.12%	20.30%	18.85%	17.74%	15.43%	15.23%

EASTTOWN TOWNSHIP
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

	2024	2023	2022	2021
TOTAL OPEB LIABILITY				
Service cost	$ 157,453	$ 190,537	$ 185,437	$ 256,187
Interest	150,636	124,158	118,944	86,197
Changes in benefit terms	-	-	-	-
Difference between actual and expected experience	(810,720)	-	(353,184)	-
Changes of assumptions	(319,828)	-	(113,859)	-
Benefit payments	(116,073)	(127,344)	(112,504)	(35,462)
NET CHANGE IN TOTAL OPEB LIABILITY	(938,532)	187,351	(275,166)	306,922
TOTAL OPEB LIABILITY, BEGINNING	4,574,897	4,387,546	4,662,712	4,355,790
TOTAL OPEB LIABILITY, ENDING	$ 3,636,365	$ 4,574,897	$ 4,387,546	$ 4,662,712
COVERED PAYROLL	$ 2,896,915	$ 2,721,223	$ 2,454,493	$ 2,550,245
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	125.53%	168.12%	178.76%	182.83%

NOTES TO SCHEDULE

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

Changes in assumptions: In the 2019 actuarial valuation, the discount rate changed from 3.16% to 3.26% and The mortality tables were changed from the RP-2000 Mortality Tables projected to 2018 with scale AA to the Pub-2010 Public Safety and General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019. In the 2018 actuarial valuation, the discount rate changed from 4.30% to 3.16% and the actuarial cost method was changed from projected unit credit to entry age normal as a level-percent-of-payroll.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

2020	2019	2018
$ 207,324	$ 264,965	$ 278,424
131,412	175,980	149,126
21,281	(125,928)	-
(661,926)	-	-
404,853	(602,079)	(228,282)
(119,466)	(85,515)	(68,727)
(16,522)	(372,577)	130,541
4,372,312	4,744,889	4,614,348
$ 4,355,790	$ 4,372,312	$ 4,744,889
$ 2,464,005	$ 2,019,542	$ 1,951,248
176.78%	216.50%	243.17%

APPENDIX D
Form of Continuing Disclosure Agreement

TOWNSHIP OF EASTTOWN
(Chester County, Pennsylvania)
$[_________] General Obligation Bonds, Series of 2026
Dated [__________], 2026

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of [__________], 2026 (including any amendments or supplements hereto, the **"Disclosure Agreement"**) is executed and delivered by the Township of Easttown (as more fully defined below, the **"Issuer"** or the **"Township"**) in connection with the issuance of its $[_________] General Obligation Bonds, Series of 2026. Capitalized terms used herein and not defined shall have the meanings set forth in Section 2 herein. The Issuer, intending to be legally bound, hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holder from time-to-time of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. Unless the context clearly requires otherwise, the following capitalized terms shall have the meanings set forth below:

"Additional Bonds" shall mean any indebtedness of the Issuer issued subsequent to the Bonds which the Issuer has declared in writing to be covered by this Disclosure Agreement. No such written declaration shall be considered an amendment to this Disclosure Agreement for purposes of Section 9 hereof.

"Annual Filing Date" shall mean on or before August 1 immediately following the end of the Issuer's fiscal year.

"Annual Financial Information" shall mean the Issuer's audited financial statements for the most recently completed fiscal year and annual updates of the financial information and operating data provided in the following Sections of the Official Statement for the Bonds:

Item

TAXING POWERS:

- Table 4: REAL PROPERTY ASSESSMENT DATA
- Table 7: REAL PROPERTY TAX COLLECTION DATA
- Table 8: TEN LARGEST REAL PROPERTY TAXPAYERS

"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.

"Bonds" shall mean the Issuer's General Obligation Bonds, Series of 2026, dated ____________, 2026, in the aggregate principal amount of $_______________, and Additional Bonds, if any.

"Dissemination Agent" shall mean any agent of the Issuer designated in writing by the Issuer which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System maintained by the MSRB at http://emma.msrb.org/, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds or Notes (including persons holding Bonds or Notes through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds or Notes for federal income tax purposes.

"Issuer" shall mean the Township of Easttown, Chester County, Pennsylvania or any successor Obligated Person that assumes either by operation by law or by contract both (i) the obligation to pay debt service on the Bonds and (ii) the obligations of the Issuer under this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor organization.

"Notice Event" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"Obligated Person" shall have the meaning set forth in the Rule, provided that the sole objective criteria used to select the Obligated Person shall be the entity obligated to repay all debt service with respect to the relevant Bonds or Notes.

"Official Statement" shall mean the final Official Statement relating to the Bonds or a series of Additional Bonds, as applicable.

"Participating Underwriter" shall mean any of the original underwriters of any series of Bonds or Notes required to comply with the Rule in connection with offering of such Bonds or Notes.

"Repository" shall mean each nationally recognized municipal securities information repository under the Rule. **As of the date hereof, the Securities and Exchange Commission has appointed the MSRB through EMMA to act as the sole Repository**. Any information filed in connection with this Disclosure Agreement shall be filed with EMMA at http://emma.msrb.org/, any State Repository and any future Repository as may be required under the Rule.

"Rule" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as heretofore amended, and as such Rule may be hereafter amended from time-to-time.

"State Repository" shall mean any public or private repository or entity designated by the Commonwealth of Pennsylvania as a state information repository for the purpose of the Rule and with which the Issuer is legally required to file the Annual Report. Currently, there is no State Repository in Pennsylvania. The list of state information repositories maintained by the United States Securities and Exchange Commission shall be conclusive as to the existence of a State Repository.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Filing Date, provide to the MSRB via EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if any. 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 however that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide the Annual Report to the Repository by the date required in subsection (a), a Notice Event pursuant to Section 5(a)(15) shall be deemed to have occurred and the Issuer shall report to the Repository electronically in accordance with the provisions of Section 5(b) hereof.

(c) The Dissemination Agent, if any, shall: (i) determine each year prior to the Annual Filing Date the name and address of each Repository; and (ii) 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 and listing each Repository to which it was provided.

(d) Audited financial statements of the Issuer not submitted as part of the Annual Report shall be provided to the Repository, if and when available to the Issuer, and in any event not more than thirty (30) days after receipt thereof from the Issuer's auditors. In the event that audited financial statements are not submitted as part of the Annual Report, the Issuer shall provide in lieu thereof, when available, unaudited financial statements for the relevant fiscal year.

(e) The Issuer shall promptly provide written notice of any change in its fiscal year to the MSRB and to each Repository.

Section 4. Content of Annual Reports.

(a) The Issuer's Annual Report shall contain or incorporate by reference the Annual Financial Information including audited financial statements with respect to the relevant fiscal year:

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

(c) If any Annual Financial Information can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the Issuer under this Section 4, provided however that the Issuer shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

Section 5. Reporting of Notice Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds or any Additional 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 status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of Holder, if material;

(8) Bond/Note calls (other than mandatory sinking fund redemptions), if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of any Bonds/Notes, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer (for the purposes of the event identified in subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business 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; and

(15) Failure to provide annual financial information as required; and

(16) Incurrence of a Financial Obligation[1], if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect the Bondholders, if material; and

(17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Upon the occurrence of a Notice Event, the Issuer shall file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB via EMMA in a timely manner **not in excess of ten (10) Business Days after the occurrence of the Notice Event**.

[1] For purposes of the event identified in clauses (16) and (17), the term "Financial Obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into a connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. Numerous other terms contained in these subsections and/or in the definition of "Financial Obligation" are not defined in the Rule; SEC Release No. 34-83885 contains a discussion of the current SEC interpretation of those terms. For example, in the Release, the SEC provides guidance that the term "debt obligation" generally should be considered to include only lease arrangements that operate as vehicles to borrow money.

Section 6. Accounting Standards. The financial statements described in Section 4(a)(i) above shall be audited in accordance with generally accepted accounting principles applicable in the preparation of financial statements of the Issuer as promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body, as applicable (**"GAAP"**), and shall also comply with applicable federal and state auditing statutes, regulations, standards and/or guidelines. The Issuer may from time-to-time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Any such modification of accounting standards or principles to conform to changes in either GAAP or applicable federal or state auditing statutes, regulations, standards or guidelines shall not constitute an amendment to this Disclosure Agreement within the meaning of Section 9 hereof, but such modifications shall be disclosed in the first Annual Report to be provided subsequent to such modifications.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both hereunder and under the Bonds. The prior Issuer shall provide timely written notice to each Repository of any termination of its obligations hereunder.

Section 8. 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.

Section 9. Amendments. (a) Notwithstanding any other provision of this Disclosure Agreement, the Issuer may modify or amend this Disclosure Agreement. The Issuer acknowledges and agrees that the current SEC interpretation of the Rule requires satisfaction of the following preconditions for any amendment:

(1) the modification or amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Issuer, or change in the type of business conducted by the Issuer;

(2) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and

(3) the modification or amendment does not materially adversely affect the interests of Holders, as determined either by a party unaffiliated with the Issuer (such as the Paying Agent or nationally

recognized bond counsel) or by an approving vote of a majority of Holders.

(b) The Issuer shall report any modification or amendment of this Disclosure Agreement as required by the Rule. To the extent required by the Rule, the Issuer shall include as a component of the first Annual Report to be provided subsequent to the relevant amendment, a copy of the amendment, together with a notice explaining in narrative form both (i) the reasons for the amendment and (ii) the impact of the change in the type of operating data or financial information being provided. To the extent required by the Rule, if the amendment relates to changes in accounting principles to be followed in preparing financial statements, the first Annual Report to be provided subsequent to the relevant amendment shall also include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles and a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in the accounting principles upon the presentation of the financial information. Written notice of any such change in accounting principles shall be provided in a timely fashion to each Repository.

(c) Neither a supplement to this Disclosure Agreement to declare that it is applicable to Additional Bonds or a modification of accounting principles or standards pursuant to Section 6 shall be considered an amendment for purposes of this Section 9.

Section 10. 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 disclaimers or any other information in any Annual Report or notice of occurrence of a Notice 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 Notice Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Notice Event.

Section 11. Submission of Information to the MSRB. The information required to be disclosed pursuant to this Disclosure Agreement shall be submitted to the MSRB through EMMA. Subject to future changes in submission rules and regulations, such submissions shall be provided to the MSRB, through EMMA, in portable document format (**"PDF"**) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files shall be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted through EMMA, the Issuer, or any Dissemination Agent engaged by the Issuer, shall also provide to the MSRB information necessary to accurately identify the category of information being provided and other identifying descriptions required by MSRB rules and regulations.

Section 12. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Paying Agent, any Participating Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the 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 Bonds or any document relating to the Bonds, 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; provided however that nothing herein shall limit any Holder's rights under applicable federal securities law.

Section 13. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision or the Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time by construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

Section 14. Entire Agreement. This Disclosure Agreement contains the entire agreement of the Issuer with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto, provided however that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

Section 15. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

Section 16. Beneficiaries. This Disclosure Agreement is being entered into solely for the benefit of the Participating Underwriters and Holders from time-to-time of the Bonds or any Additional Bonds, and nothing in this Disclosure Agreement expressed or implied is intended to or shall be construed to give to any other person or entity any legal or equitable right, remedy or claim under or in respect of this Disclosure Agreement or any covenants, conditions or provisions contained herein.

Section 17. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the Commonwealth of Pennsylvania, and all provisions hereof shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to the choice of law principles thereof.

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IN WITNESS WHEREOF, the TOWNSHIP OF EASTTOWN, Chester County, Pennsylvania has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

TOWNSHIP OF EASTTOWN

By: ______________________________
Chairperson, Board of Supervisors

By: ______________________________
Township Secretary

[SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT – BONDS]

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