

WILLISTOWN TOWNSHIP

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Willistown Township
Malvern, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Willistown Township as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Willistown Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Willistown Township, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Board of Supervisors
Willistown Township
Malvern, 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 Willistown Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Willistown Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Board of Supervisors
Willistown Township
Malvern, Pennsylvania

Supplementary Information

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

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



Limerick, Pennsylvania
June 14, 2023

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

This discussion and analysis of Willistown Township, Pennsylvania, provides an overview of the Township's financial performance for the year ended December 31, 2022. Please read it in conjunction with the Township's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The assets of Willistown Township exceeded its liabilities at the close of the 2022 fiscal year by \$44,275,568 which represents the Township's net position. Of this amount, 55.28% or \$24,475,897 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$3,822,057 in 2022.
- As of December 31, 2022, the Township's combined ending fund balance for its governmental funds amounted to \$25,277,633, an increase of \$4,520,426 compared to the prior year. Approximately 59% of the total governmental fund balance, or \$14,823,847, is available for spending at the Township's discretion (unrestricted and unassigned fund balance).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position on page 15 and the Statement of Activities on page 16 provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. For governmental activities, the governmental fund statements, which begin on page 17, explain how services were financed in the short term as well as what remains for future spending. For business-type activities, the proprietary fund statements report these activities by fund with the sewer fund being the only business-type activity operated by the Township. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the Township as a whole begins on page 15 with the Statement of Net Position and on page 16 with the Statement of Activities.

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

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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

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

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

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Governmental Funds: Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation on page 18 of this report.

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

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

FINANCIAL ANALYSIS OF THE TOWNSHIP

Government-wide

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

The majority of the outstanding debt of the Township was incurred for the acquisition and/or construction of the Township's parkland, building structures, and the sewer collection system. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets in the amount of \$24,475,897 at December 31, 2022 may be used to meet these current and ongoing obligations to citizens and creditors. In addition, the Township maintains an "Aa1" rating from Moody's for its current debt issuances. This is Moody's second highest rating and reflects the Township's strong financial operations, characterized by substantial reserves, a sizable and affluent tax base, and low direct debt position.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2022, the Township's assets exceeded its liabilities by \$44,275,568.

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 1
Summarized Schedule of Net Position
December 31, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
ASSETS						
Current assets	\$ 26,323,679	\$ 28,049,465	\$ 4,573,316	\$ 3,662,525	\$ 30,896,995	\$ 31,711,990
Capital assets	20,002,906	20,050,844	4,038,738	4,344,581	24,041,644	24,395,425
TOTAL ASSETS	<u>46,326,585</u>	<u>48,100,309</u>	<u>8,612,054</u>	<u>8,007,106</u>	<u>54,938,639</u>	<u>56,107,415</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,909,797</u>	<u>4,559,479</u>	<u>-</u>	<u>-</u>	<u>1,909,797</u>	<u>4,559,479</u>
LIABILITIES						
Current liabilities	1,103,262	1,245,065	368,330	680,889	1,471,592	1,925,954
Long-term debt	7,546,785	9,953,208	3,535,803	3,243,579	11,082,588	13,196,787
TOTAL LIABILITIES	<u>8,650,047</u>	<u>11,198,273</u>	<u>3,904,133</u>	<u>3,924,468</u>	<u>12,554,180</u>	<u>15,122,741</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,840,745</u>	<u>1,268,585</u>	<u>-</u>	<u>-</u>	<u>3,840,745</u>	<u>1,268,585</u>
NET POSITION						
Net investment in capital assets	12,115,683	12,592,391	624,948	1,047,690	12,740,631	13,640,081
Restricted	5,486,207	6,159,590	-	-	5,486,207	6,159,590
Unrestricted	18,143,700	21,440,949	4,082,973	3,034,948	22,226,673	24,475,897
TOTAL NET POSITION	<u>\$ 35,745,590</u>	<u>\$ 40,192,930</u>	<u>\$ 4,707,921</u>	<u>\$ 4,082,638</u>	<u>\$ 40,453,511</u>	<u>\$ 44,275,568</u>

Table 2
Changes in Net Position
Year Ended December 31, 2022

	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
REVENUES						
Program revenues						
Charges for services	\$ 1,055,838	\$ 1,024,364	\$ 2,153,994	\$ 2,349,803	\$ 3,209,832	\$ 3,374,167
Operating grants and contributions	724,853	843,685	-	-	724,853	843,685
Capital grants and contributions	345,848	174,017	-	-	345,848	174,017
General revenues						
Real estate taxes	372,708	383,995	-	-	372,708	383,995
Transfer tax	1,390,684	1,239,066	-	-	1,390,684	1,239,066
Earned income tax	9,933,117	10,280,318	-	-	9,933,117	10,280,318
Local service tax	288,918	308,969	-	-	288,918	308,969
Investment earnings	26,073	178,007	5,883	31,679	31,956	209,686
Other	375,394	417,925	717	1,093	376,111	419,018
TOTAL REVENUES FORWARD	<u>\$ 14,513,433</u>	<u>\$ 14,850,346</u>	<u>\$ 2,160,594</u>	<u>\$ 2,382,575</u>	<u>\$ 16,674,027</u>	<u>\$ 17,232,921</u>

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 2 (Continued)
Changes in Net Position

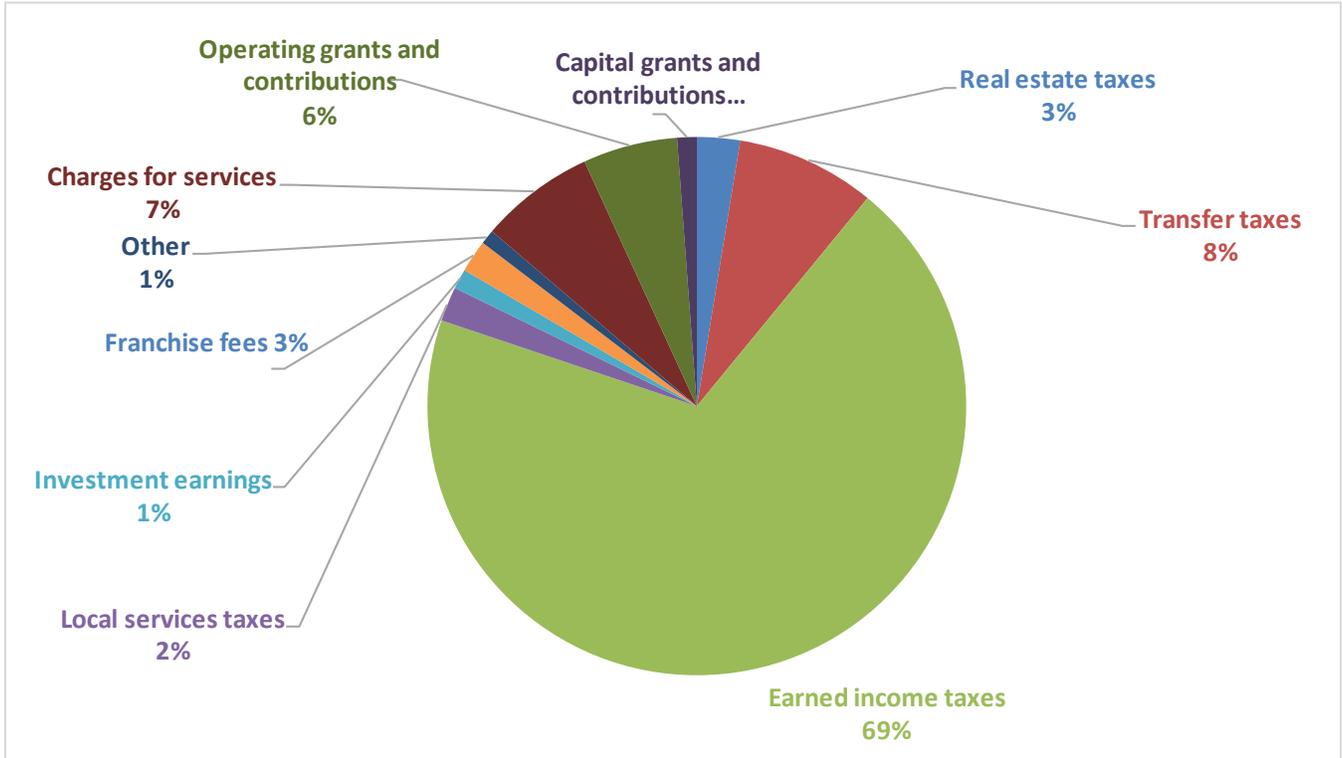
	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
TOTAL REVENUES FORWARDED	\$ 14,513,433	\$ 14,850,346	\$ 2,160,594	\$ 2,382,575	\$ 16,674,027	\$ 17,232,921
EXPENSES						
General government	1,141,309	1,114,624	-	-	1,141,309	1,114,624
Public safety	5,223,063	6,893,683	-	-	5,223,063	6,893,683
Public works	1,256,824	1,683,370	-	-	1,256,824	1,683,370
Culture and recreation	512,963	500,966	-	-	512,963	500,966
Debt service	218,775	210,363	-	-	218,775	210,363
Sewer operations	-	-	2,476,035	3,007,858	2,476,035	3,007,858
TOTAL EXPENSES	8,352,934	10,403,006	2,476,035	3,007,858	10,828,969	13,410,864
CHANGE IN NET POSITION	6,160,499	4,447,340	(315,441)	(625,283)	5,845,058	3,822,057
BEGINNING NET POSITION	29,585,091	35,745,590	5,023,362	4,707,921	34,608,453	40,453,511
ENDING NET POSITION	\$ 35,745,590	\$ 40,192,930	\$ 4,707,921	\$ 4,082,638	\$ 40,453,511	\$ 44,275,568

Governmental Activities

As shown in Table 1 and 2, governmental revenues exceeded governmental expenditures by \$4,447,340 in 2022 resulting in an overall increase in net position. Revenues for governmental activities increased in 2022 by \$336,913 from the prior year. The primary factor driving the increase in net position for governmental activities is the net change in fund balances, \$4,520,426, details of which will follow.

The following graph illustrates the Township's revenue sources, with Earned Income Tax providing the major funding for our governmental activities, accounting for 69% of revenues from governmental activities. Other sources of funding for governmental activities include transfer taxes, accounting for 8% of governmental revenues. Real estate and local service taxes collectively provide about 5% of governmental revenues. The Township relies on all of these revenues to provide the quality of life to citizens and businesses to which the Board of Supervisors has always been committed.

WILLISTOWN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022



Business-Type Activities

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

As shown in Table 2, expenses exceeded revenue by \$625,283 in 2022.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

Governmental Funds

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

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

As of December 31, 2022, the Township's governmental funds reported combined ending balances of \$25,277,633, an increase of \$4,520,426 from the prior year. Approximately \$14.8 million of the governmental fund balance constitutes unrestricted and unassigned fund balance of the governmental funds, which is available for spending at the Township's discretion. The Township has restricted and assigned \$10.4 million of the governmental fund balance, which means that it is not available for new spending because it has already been designated or restricted for: 1) open space acquisition, 2) capital improvements or 3) a variety of other purposes.

The Township maintains a General Fund which serves as the chief operating fund of the Township. As of December 31, 2022, the total fund balance of the General Fund was \$14,853,056, of which \$14,823,847 is unassigned. The fund balance increased \$2,354,162 from the prior year, primarily due to an increase in Earned Income Tax money received. Other revenue line items remain consistent with the prior year. Overall expenditures were down by \$300,801 from the prior year which lead to an increase in fund balance.

The Township maintains a Capital Reserve Fund to account for capital acquisitions and construction separately from the ongoing activities. As of December 31, 2022, the fund balance totaled \$1,947,477, which is an increase of \$675,371 from the prior year.

The Township maintains Special Revenue Funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Open Space Fund and the Liquid Fuels Fund are two of the township's Special Revenue Funds. The Revenue source for the Open Space Fund is from an earned income tax of 0.125%, payable only by residents of the Township. Funds are used for the acquisition of land, parkland, natural resource protection and open space for the benefit of the public. As of December 31, 2022, the fund balance totaled \$5,651,896, which is an increase of \$572,268 from the prior year. The Revenue sources for the Liquid Fuels Fund include special assessments, grants from the Commonwealth of Pennsylvania, and interest earnings. During 2022, the Township received \$377,969 from the Commonwealth of Pennsylvania to pay for roadway repairs and maintenance, and had a fund balance of \$379,300.

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

Proprietary Funds

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

The net position of the Sewer Fund at the end of the year amounted to \$4,082,638. The total decrease in net position was \$625,283.

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

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

Fiduciary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the Township's budget and actual results can be found on pages 54 and 55. Sewer Fund budget comparisons can be found on page 63.

For 2022, there were no revisions to the General Fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's combined book value for its capital assets in its governmental and business-type activities as of December 31, 2022 amounts to \$24,395,425, net of accumulated depreciation. This includes land, buildings and improvements, machinery and equipment, vehicles, land improvements and infrastructure.

Long-term Debt

At December 31, 2022, the Township had \$10,910,000 in bonds outstanding (all of which is non-electoral debt) versus \$11,610,000 in the prior year - a decrease of \$700,000.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

WILLISTOWN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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

All of these factors were considered in preparing the Township's budget for the 2023 fiscal year.

REQUESTS FOR INFORMATION

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

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

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

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 23,005,847	\$ 3,172,054	\$ 26,177,901
Accounts receivable	128,965	860,021	988,986
Taxes receivable	3,455,047	-	3,455,047
Internal balances	402,605	(402,605)	-
Due from Fiduciary Funds	104,954	-	104,954
Prepaid items	29,209	33,055	62,264
Net OPEB asset	922,838	-	922,838
Capital assets not being depreciated			
Land	13,503,741	-	13,503,741
Construction in progress	92,722	766,889	859,611
Capital assets, net of accumulated depreciation			
Buildings and improvements	4,149,797	-	4,149,797
Infrastructure	1,119,834	-	1,119,834
Park buildings and equipment	555,255	-	555,255
Automobiles	329,546	-	329,546
Machinery and equipment	299,949	-	299,949
Sewer collection system	-	3,577,692	3,577,692
TOTAL ASSETS	48,100,309	8,007,106	56,107,415
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	3,391,987	-	3,391,987
Deferred amounts related to OPEB	1,167,492	-	1,167,492
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,559,479	-	4,559,479
LIABILITIES			
Accounts payable and other accrued liabilities	159,387	377,000	536,387
Accrued interest payable	8,570	4,636	13,206
Due to Fiduciary Funds	1,355	5,129	6,484
Unearned revenue	636,606	1,900	638,506
Bonds payable			
Due within one year	439,147	292,224	731,371
Due in more than one year	7,011,451	3,243,579	10,255,030
Compensated absences	104,250	-	104,250
Net pension liability	2,837,507	-	2,837,507
TOTAL LIABILITIES	11,198,273	3,924,468	15,122,741
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	7,855	-	7,855
Deferred amounts related to pensions	144,238	-	144,238
Deferred amounts related to OPEB	1,116,492	-	1,116,492
TOTAL DEFERRED INFLOWS OF RESOURCES	1,268,585	-	1,268,585
NET POSITION			
Net investment in capital assets	12,592,391	1,047,690	13,640,081
Restricted			
Public highways and streets	379,300	-	379,300
Open space acquisitions	5,651,896	-	5,651,896
Bridges	128,394	-	128,394
Unrestricted	21,440,949	3,034,948	24,475,897
TOTAL NET POSITION	\$ 40,192,930	\$ 4,082,638	\$ 44,275,568

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,114,624	\$ 35,452	\$ 312,252	\$ 174,017
Public safety	6,893,683	949,718	153,464	-
Public works	1,683,370	30,135	377,969	-
Culture and recreation	500,966	9,059	-	-
Debt service	210,363	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	10,403,006	1,024,364	843,685	174,017
BUSINESS-TYPE ACTIVITIES				
Sewer	3,007,858	2,349,803	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,007,858	2,349,803	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 13,410,864	\$ 3,374,167	\$ 843,685	\$ 174,017

GENERAL REVENUES

Taxes

Real estate

Transfer tax

Earned income tax

Local service tax

Franchise fees

Investment earnings

Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
\$ (592,903)	\$ -	\$ (592,903)
(5,790,501)	-	(5,790,501)
(1,275,266)	-	(1,275,266)
(491,907)	-	(491,907)
(210,363)	-	(210,363)
<u>(8,360,940)</u>	<u>-</u>	<u>(8,360,940)</u>
<u>-</u>	<u>(658,055)</u>	<u>(658,055)</u>
<u>-</u>	<u>(658,055)</u>	<u>(658,055)</u>
<u>(8,360,940)</u>	<u>(658,055)</u>	<u>(9,018,995)</u>
383,995	-	383,995
1,239,066	-	1,239,066
10,280,318	-	10,280,318
308,969	-	308,969
288,436	-	288,436
178,007	31,679	209,686
129,489	1,093	130,582
<u>12,808,280</u>	<u>32,772</u>	<u>12,841,052</u>
4,447,340	(625,283)	3,822,057
<u>35,745,590</u>	<u>4,707,921</u>	<u>40,453,511</u>
<u>\$ 40,192,930</u>	<u>\$ 4,082,638</u>	<u>\$ 44,275,568</u>

WILLISTOWN TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Capital Reserve Fund</u>
ASSETS			
Cash and cash equivalents	\$ 12,537,946	\$ 5,418,548	\$ 2,006,554
Taxes receivable	3,089,719	365,328	-
Other accounts receivable	128,965	-	-
Prepaid expenses	29,209	-	-
Due from other funds	714,493	-	-
Due from fiduciary funds	104,954	-	-
	<u>16,605,286</u>	<u>5,783,876</u>	<u>2,006,554</u>
TOTAL ASSETS	\$ <u>16,605,286</u>	\$ <u>5,783,876</u>	\$ <u>2,006,554</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 140,856	\$ -	\$ -
Due to fiduciary funds	1,355	-	-
Due to other funds	53,747	-	59,077
Unearned revenue	636,606	-	-
TOTAL LIABILITIES	<u>832,564</u>	<u>-</u>	<u>59,077</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, taxes	<u>919,666</u>	<u>131,980</u>	<u>-</u>
FUND BALANCES			
Nonspendable	29,209	-	-
Restricted			
Public highways and streets	-	-	-
Open space acquisitions	-	5,651,896	-
Bridges	-	-	-
Assigned			
Capital purchases	-	-	1,947,477
Outfall water drainage	-	-	-
Unassigned	<u>14,823,847</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>14,853,056</u>	<u>5,651,896</u>	<u>1,947,477</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>16,605,286</u>	\$ <u>5,783,876</u>	\$ <u>2,006,554</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 3,042,799	\$ 23,005,847
-	3,455,047
-	128,965
-	29,209
-	714,493
-	104,954
\$ <u>3,042,799</u>	\$ <u>27,438,515</u>

\$ 18,531	\$ 159,387
-	1,355
199,064	311,888
-	636,606
\$ <u>217,595</u>	\$ <u>1,109,236</u>

-	1,051,646
---	-----------

-	29,209
---	--------

379,300	379,300
---------	---------

-	5,651,896
---	-----------

128,394	128,394
---------	---------

-	1,947,477
---	-----------

2,317,510	2,317,510
-----------	-----------

-	14,823,847
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\$ <u>2,825,204</u>	\$ <u>25,277,633</u>
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\$ <u>3,042,799</u>	\$ <u>27,438,515</u>
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WILLISTOWN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 25,277,633
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Land	13,503,741
Construction in progress	92,722
Buildings and improvements	5,427,298
Infrastructure	1,431,484
Park buildings and equipment	1,135,532
Automobiles	1,656,158
Machinery and equipment	1,580,134
Accumulated depreciation	(4,776,225)
Other long-term assets are not available to pay current period expenditures and are deferred in the funds	
	1,051,646
Net pension liability and net OPEB asset and the related deferred outflows and inflows are not recorded in the Governmental Funds; however, these items are reported in the government-wide financial statements. These consist of:	
Net pension liability	(2,837,507)
Deferred amounts related to pensions	3,247,749
Net OPEB asset	922,838
Deferred amounts related to OPEB	51,000
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	(7,450,598)
Deferred gain on bond refunding	(7,855)
Accrued interest payable	(8,570)
Compensated absences	(104,250)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>40,192,930</u></u>

See accompanying notes to the basic financial statements.

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WILLISTOWN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Capital Reserve Fund</u>
REVENUES			
Taxes			
Real estate taxes	\$ 383,995	\$ -	\$ -
Local services tax	308,910	-	-
Real estate transfer tax	1,239,066	-	-
Earned income tax	9,144,163	1,089,785	-
Fines, forfeitures and other costs	22,552	-	-
Cable franchise fees	288,436	-	-
Interest, dividends and rents	107,952	41,465	9,870
Intergovernmental	631,116	-	-
Park and recreation fees	14,471	-	-
Charges for services	975,032	-	-
Miscellaneous	150,415	-	-
TOTAL REVENUES	<u>13,266,108</u>	<u>1,131,250</u>	<u>9,870</u>
EXPENDITURES			
General government	1,046,176	5,423	-
Public safety	6,137,478	-	110,756
Public works	1,054,077	-	118,619
Culture and recreation	463,286	-	105,124
Debt service			
Principal payment	60,300	365,000	-
Interest and other charges	25,629	188,559	-
TOTAL EXPENDITURES	<u>8,786,946</u>	<u>558,982</u>	<u>334,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,479,162	572,268	(324,629)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,000,000
Transfers out	<u>(2,125,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,125,000)</u>	<u>-</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCES	2,354,162	572,268	675,371
FUND BALANCES AT BEGINNING OF YEAR	<u>12,498,894</u>	<u>5,079,628</u>	<u>1,272,106</u>
FUND BALANCES AT END OF YEAR	<u>\$ 14,853,056</u>	<u>\$ 5,651,896</u>	<u>\$ 1,947,477</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 383,995
-	308,910
-	1,239,066
-	10,233,948
-	22,552
-	288,436
18,720	178,007
377,969	1,009,085
-	14,471
-	975,032
-	150,415
396,689	14,803,917
-	1,051,599
-	6,248,234
600,244	1,772,940
2,820	571,230
-	425,300
-	214,188
603,064	10,283,491
(206,375)	4,520,426
1,125,000	2,125,000
-	(2,125,000)
1,125,000	-
918,625	4,520,426
1,906,579	20,757,207
\$ 2,825,204	\$ 25,277,633

WILLISTOWN TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,520,426
<p>Purchases of capital assets are considered expenditures in the Governmental Funds but are capitalized as assets in the statement of net position. Further, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$485,056) has exceeded depreciation expense (\$437,118) in the current period.</p>	47,938
<p>Because some taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total taxes deferred decreased by the following in the current period.</p>	46,429
<p>Expenses in the statement of activities that do not provide current financial resources are not reported as expenses in the Governmental Funds.</p>	(588,515)
<p>Repayments of debt principal or long-term liabilities is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Bond principal payments	425,300
Accrued interest	355
Compensated absences	(8,063)
Amortization of deferred charges and bond premium	3,470
	<hr/>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,447,340</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,172,054
Due from other funds	153
Accounts receivable	860,021
Prepaid expenses	33,055
TOTAL CURRENT ASSETS	<u>4,065,283</u>
NONCURRENT ASSETS	
Construction in progress	766,889
Sewer collection system	8,780,458
Less accumulated depreciation	<u>(5,202,766)</u>
TOTAL NONCURRENT ASSETS	<u>4,344,581</u>
TOTAL ASSETS	<u>\$ 8,409,864</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 377,000
Bonds payable	292,224
Due to fiduciary funds	5,129
Due to other funds	402,758
Unearned revenue	1,900
Accrued Interest	4,636
TOTAL CURRENT LIABILITIES	<u>1,083,647</u>
NONCURRENT LIABILITIES	
Bonds payable, net of current portion	<u>3,243,579</u>
TOTAL LIABILITIES	<u>4,327,226</u>
NET POSITION	
Net investment in capital assets	1,047,690
Unrestricted	<u>3,034,948</u>
TOTAL NET POSITION	<u>4,082,638</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,409,864</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIPSTATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer charges	\$ <u>2,193,687</u>
OPERATING EXPENSES	
Sewage treatment	1,436,140
Operations and maintenance	646,822
General and administrative	360,747
Depreciation and amortization	461,046
TOTAL OPERATING EXPENSES	<u>2,904,755</u>
OPERATING LOSS	<u>(711,068)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	31,679
Interest expense	(103,103)
Other	157,209
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>85,785</u>
CHANGE IN NET POSITION	(625,283)
NET POSITION AT BEGINNING OF YEAR	<u>4,707,921</u>
NET POSITION AT END OF YEAR	\$ <u><u>4,082,638</u></u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,164,941
Cash payments to employees for services	(360,476)
Cash payments to vendors for goods and services	<u>(1,774,545)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>29,920</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(766,889)
Bond principal payments	(274,700)
Amortization of bonded debt	(13,424)
Interest paid	(103,332)
State reimbursements and other	<u>157,209</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,001,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>31,679</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(939,537)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,111,591</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,172,054</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (711,068)
Adjustment for noncash charges to operations	
Depreciation and amortization	461,046
Changes in assets and liabilities	
Decrease in accounts receivable	(28,746)
Increase in accounts payable	<u>308,688</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ 29,920</u></u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Police Pension Trust Fund</u>	<u>Municipal Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
ASSETS				
Cash and cash equivalents	\$ 31,748	\$ -	\$ -	\$ 393,700
Investments	19,596,726	1,552,769	4,808,062	-
Due from Township	-	4,390	-	1,437
Employee contributions receivable	13,140	-	-	-
Other receivable	460	-	-	-
Prepaid benefits	64,836	-	-	-
	<u>19,706,910</u>	<u>1,557,159</u>	<u>4,808,062</u>	<u>395,137</u>
TOTAL ASSETS	\$ <u>19,706,910</u>	\$ <u>1,557,159</u>	\$ <u>4,808,062</u>	\$ <u>395,137</u>
LIABILITIES				
Due to Township	\$ -	\$ -	\$ -	\$ 104,954
	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,954</u>
NET POSITION				
Restricted for pension and OPEB benefits	19,706,910	1,557,159	4,808,062	-
Restricted for escrow activities	-	-	-	290,183
	<u>19,706,910</u>	<u>1,557,159</u>	<u>4,808,062</u>	<u>290,183</u>
TOTAL NET POSITION	\$ <u>19,706,910</u>	\$ <u>1,557,159</u>	\$ <u>4,808,062</u>	\$ <u>290,183</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Police Pension Trust Fund</u>	<u>Municipal Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS				
Contributions				
Employer	\$ 130,485	\$ 96,853	\$ -	\$ -
Commonwealth of Pennsylvania	227,940	-	-	-
Plan members	119,587	-	-	-
Developers	-	-	-	64,413
TOTAL CONTRIBUTIONS	<u>478,012</u>	<u>96,853</u>	<u>-</u>	<u>64,413</u>
Investment earnings				
Interest and dividends	383,225	-	89,355	3,178
Realized and unrealized loss on investments	(4,183,751)	(305,216)	(1,027,102)	-
Investment expenses	(25,529)	-	(6,217)	-
INVESTMENT EARNINGS, net	<u>(3,826,055)</u>	<u>(305,216)</u>	<u>(943,964)</u>	<u>3,178</u>
TOTAL ADDITIONS	<u>(3,348,043)</u>	<u>(208,363)</u>	<u>(943,964)</u>	<u>67,591</u>
DEDUCTIONS				
Benefits	1,012,292	-	-	-
Forfeiture	-	35,974	-	-
Return of escrow payments	-	-	-	20,470
TOTAL DEDUCTIONS	<u>1,012,292</u>	<u>35,974</u>	<u>-</u>	<u>20,470</u>
CHANGE IN NET POSITION	(4,360,335)	(244,337)	(943,964)	47,121
NET POSITION AT BEGINNING OF YEAR	<u>24,067,245</u>	<u>1,801,496</u>	<u>5,752,026</u>	<u>243,062</u>
NET POSITION AT END OF YEAR	<u>\$ 19,706,910</u>	<u>\$ 1,557,159</u>	<u>\$ 4,808,062</u>	<u>\$ 290,183</u>

See accompanying notes to the basic financial statements.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Pension and OPEB Plans

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

Basis of Presentation and Accounting

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Township reports the following major Governmental Funds:

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

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

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

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

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

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Interfund Transactions - In connection with financing its operations, the Township conducts interfund transactions. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2022, appropriate interfund receivables or payables have been established.

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Township and cannot be used for any other purpose unless the Township removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The Board of Supervisors has the ability to commit funds for the Township. As of December 31, 2022, there were no committed balances.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., a budget or finance committee) or official to which the Township has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. As of December 31, 2022, no authority has been delegated to any individuals other than the specified parties referred to above.

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Estate Tax - Property taxes are levied on November 15 for general purposes on assessed value of real estate for which the 2022 assessment amounted to 0.28 Mills. The tax calendar follows:

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

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

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

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2022, the bank balance of all Township funds on deposit with financial institutions, including Trust and Fiduciary Funds totaled \$27,253,961, of which, \$750,000 was covered by FDIC and \$26,479,618 was covered under Pennsylvania Act 72. The \$24,343 balance in the PLGIT money market account at December 31, 2022 was not covered by either FDIC or PA Act 72.

Investments - With the exception of the pension trust funds, state law authorizes the Township to invest in (1) United States Treasury Bills, (2) direct obligations of the United States and certain federal agencies, (3) cash accounts which are insured by the FDIC or by the NCUSIF, (4) money market funds that only trade in investments listed in items (1) through (3), or (5) certificates of deposit that are FDIC or NCUSIF insured. Investments held as of December 31, 2022 follow:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>
FIDUCIARY ACTIVITIES		
Fixed income mutual funds	\$ 7,400,910	\$ 7,400,910
Stocks and stock mutual funds	<u>17,003,878</u>	<u>17,003,878</u>
	<u>\$ 24,404,788</u>	<u>\$ 24,404,788</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township has Level 1 investments valued at quoted market prices consisting of fixed income mutual funds of \$7,400,910 and stocks and stock mutual funds of \$17,003,878.

In addition, the Township's Municipal Pension Trust Fund holds \$1,552,769 of investments in an insurance contract that is reported at contract value and is not categorized within the fair value hierarchy.

Concentration of Credit Risk - More than 5% of the Township's investments are in certain fixed income mutual funds and stocks and stock mutual funds. These investments include Vanguard Intermediate-Term Investment Grade Fund (VFIDX), Vanguard International Growth Fund (VWILX), Vanguard International Value Fund (VTRIX), Vanguard PRIMECAP Core Fund Investor Shares (VPCCX), Vanguard Short Term Investment Grade Fund (VFSUX), and Vanguard Total Stock Market Index Fund (VITSX) at 19%, 7%, 8%, 12%, 10%, and 23%, respectively, of the Township's total investments.

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. Government are not considered to have a credit risk attribute. As of December 31, 2022, the Township invested in cash, fixed income mutual funds, stocks and stock mutual funds all of which do not contain a credit rating.

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022, follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 13,503,741	\$ -	\$ -	\$ 13,503,741
Construction in progress	61,229	31,493	-	92,722
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>13,564,970</u>	<u>31,493</u>	<u>-</u>	<u>13,596,463</u>
Capital assets being depreciated				
Buildings and improvements	5,407,383	19,915	-	5,427,298
Infrastructure	1,269,979	161,505	-	1,431,484
Park buildings and equipment	1,030,408	105,124	-	1,135,532
Automobiles	1,572,941	83,217	-	1,656,158
Machinery and equipment	1,496,332	83,802	-	1,580,134
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>10,777,043</u>	<u>453,563</u>	<u>-</u>	<u>11,230,606</u>
Accumulated depreciation				
Buildings and improvements	(1,141,179)	(136,322)	-	(1,277,501)
Infrastructure	(240,076)	(71,574)	-	(311,650)
Park buildings and equipment	(544,566)	(35,711)	-	(580,277)
Automobiles	(1,191,423)	(135,189)	-	(1,326,612)
Machinery and equipment	(1,221,863)	(58,322)	-	(1,280,185)
TOTAL ACCUMULATED DEPRECIATION	<u>(4,339,107)</u>	<u>(437,118)</u>	<u>-</u>	<u>(4,776,225)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>6,437,936</u>	<u>16,445</u>	<u>-</u>	<u>6,454,381</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 20,002,906</u>	<u>\$ 47,938</u>	<u>\$ -</u>	<u>\$ 20,050,844</u>
	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 766,889	\$ -	\$ 766,889
Capital assets being depreciated				
Sewer collection system	8,780,458	-	-	8,780,458
Accumulated depreciation				
Sewer collection system	(4,741,720)	(461,046)	-	(5,202,766)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>4,038,738</u>	<u>461,046</u>	<u>-</u>	<u>3,577,692</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 4,038,738</u>	<u>\$ 305,843</u>	<u>\$ -</u>	<u>\$ 4,344,581</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE C - CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 61,113
Public works	125,127
Police	215,167
Parks and recreation	<u>35,711</u>
	<u>\$ 437,118</u>

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

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Balances due to/from other funds at December 31, 2022 consist of the following:

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

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

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 2,125,000	\$ -
Bartram's Bridge Preservation Fund	-	125,000
Capital Reserve Fund	-	1,000,000
Stormwater Infrastructure Fund	<u>-</u>	<u>1,000,000</u>
	<u>\$ 2,125,000</u>	<u>\$ 2,125,000</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE E - LONG-TERM DEBT

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

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

A summary of the bonds and note payable activity for the year ended December 31, 2022 follows:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds					
Series of 2012	\$ 7,030,000	\$ -	\$ (365,000)	\$ 6,665,000	\$ 375,000
Series of 2013	824,400	-	(60,300)	764,100	61,200
Premiums on bonds	24,445	-	(2,947)	21,498	2,947
Net pension liability	-	2,837,507	-	2,837,507	-
Compensated absences	96,187	8,063	-	104,250	-
	<u>7,975,032</u>	<u>2,845,570</u>	<u>(428,247)</u>	<u>10,392,355</u>	<u>439,147</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	\$ 7,975,032	\$ 2,845,570	\$ (428,247)	\$ 10,392,355	\$ 439,147
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
Series of 2013	\$ 3,755,600	\$ -	\$ (274,700)	\$ 3,480,900	\$ 278,800
Premiums on bonds	68,327	-	(13,424)	54,903	13,424
	<u>3,823,927</u>	<u>-</u>	<u>(288,124)</u>	<u>3,535,803</u>	<u>292,224</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	\$ 3,823,927	\$ -	\$ (288,124)	\$ 3,535,803	\$ 292,224

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE E - LONG-TERM DEBT (Continued)

Scheduled future principal and interest maturities with respect to all bond obligations at December 31, 2022 follow:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2023	\$ 715,000	\$ 316,945	\$ 1,031,945
2024	725,000	302,118	1,027,118
2025	745,000	286,357	1,031,357
2026	765,000	269,435	1,034,435
2027	775,000	251,492	1,026,492
2028 to 2032	4,210,000	913,111	5,123,111
2033 to 2037	<u>2,975,000</u>	<u>265,909</u>	<u>3,240,909</u>
	<u>\$ 10,910,000</u>	<u>\$ 2,605,367</u>	<u>\$ 13,515,367</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 436,200	\$ 205,683	\$ 278,800	\$ 111,262
2024	442,100	196,711	282,900	105,407
2025	453,900	187,174	291,100	99,183
2026	465,700	177,093	299,300	92,342
2027	471,600	166,483	303,400	85,009
2028 to 2032	2,553,600	639,682	1,656,400	273,429
2033 to 2037	<u>2,606,000</u>	<u>251,149</u>	<u>369,000</u>	<u>14,760</u>
	<u>\$ 7,429,100</u>	<u>\$ 1,823,975</u>	<u>\$ 3,480,900</u>	<u>\$ 781,392</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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

Summary of Significant Accounting Policies

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

Plan Description

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

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

Plan Membership - At December 31, 2022, plan membership consisted of the following:

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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

Benefits Provided

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

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

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

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

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

Pre Act 44 Deferred Retirement Option Program - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months.

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

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

The Township allocates state aid received from the Commonwealth of Pennsylvania to the Plan. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute \$358,425 to the plan for the year 2022. The Township's actual contributions for the plan year 2022 were \$358,425.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors, with input from the Pension Advisory Board. It is the policy of the Township Board of Supervisors to pursue an investment strategy that reduces risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The following was the Committee's adopted asset allocation policy as of December 31, 2022:

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

Concentrations - At December 31, 2022, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -15.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension (Asset) Liability of the Township

The components of the net pension (asset) liability of the Township at December 31, 2022, were as follows:

Total pension liability	\$ 22,544,417
Plan fiduciary net position	<u>(19,706,910)</u>
NET PENSION LIABILITY	\$ <u>2,837,507</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.41%</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation at January 1, 2021 with update procedures used to roll forward to the plan's fiscal plan year ending December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Blue Collar RP-2000 Mortality Table with generational improvement using Scale BB.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy) are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	3.00%
International stocks	5.20%
Bonds	2.30%

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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

Changes in the Net Pension (Asset) Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension (Asset) Liability <u>(a) - (b)</u>
Balances at December 31, 2021	\$ 21,890,877	\$ 24,067,245	\$ (2,176,368)
Changes for the year			
Service cost	428,162	-	428,162
Interest cost	1,308,774	-	1,308,774
Changes for experience	(71,104)	-	(71,104)
Contributions			
Employer	-	358,425	(358,425)
Member	-	119,587	(119,587)
Net investment income (loss)	-	(3,826,055)	3,826,055
Benefit payments	<u>(1,012,292)</u>	<u>(1,012,292)</u>	<u>-</u>
Net changes	<u>653,540</u>	<u>(4,360,335)</u>	<u>5,013,875</u>
Balances at December 31, 2022	<u>\$ 22,544,417</u>	<u>\$ 19,706,910</u>	<u>\$ 2,837,507</u>

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

	1% Decrease <u>(5.00%)</u>	Current Discount Rate (6.00%)	1% Increase <u>(7.00%)</u>
Net pension liability	\$ <u>5,914,045</u>	\$ <u>2,837,507</u>	\$ <u>317,788</u>

WILLISTOWN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2022

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, 2022, the Township recognized pension expense of \$1,161,592. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,278	\$ 144,238
Changes in assumptions	1,017,872	-
Net difference between projected and actual earnings on pension plan investments	<u>2,369,837</u>	<u> </u>
TOTAL	<u>\$ 3,391,987</u>	<u>\$ 144,238</u>

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

<u>Year Ending December 31,</u>	
2023	\$ 392,415
2024	831,592
2025	974,665
2026	1,049,077

Deferred Option Retirement Program (“DROP”) - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months. The monthly pension shall be calculated as of the date of the participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. As of December 31, 2022, there were three members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$628,337.

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE G - NON-UNIFORM PENSION PLAN

Plan Description

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

Funding Policy

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

The Township made contributions of \$96,853 for the year ending December 31, 2022.

At December 31, 2022, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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

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

Plan Membership - At December 31, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</u>
	<u>25</u>

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

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

Investments

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

The following was the adopted asset allocation policy as of December 31, 2022:

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

Concentrations - At December 31, 2022, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 40.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -16.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB (Asset) Liability of the Township - The components of the net OPEB (asset) liability of the Township at December 31, 2022, were as follows:

Total OPEB liability	\$ 3,885,224
Plan fiduciary net position	<u>(4,808,062)</u>
NET OPEB ASSET	\$ <u>(922,838)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>123.75%</u>

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation at January 1, 2021 with update procedures used to roll forward to the plan's fiscal plan year ending December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Mortality rates were based on the RP-2000 Mortality Table (Blue Collar) with Scale AA.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy) are summarized in the following table:

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

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Changes in the Net OPEB (Asset) Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2021	\$ 4,026,896	\$ 5,745,693	\$ (1,718,797)
Changes for the year			
Service cost	66,690	-	66,690
Interest cost	245,615	-	245,615
Changes for experience	(312,732)	-	(312,732)
Changes in assumptions	-	-	-
Employer contributions	-	-	-
Net investment income (loss)	-	(931,414)	931,414
Benefit payments	-	-	-
Administrative expenses	-	(6,217)	6,217
Other changes	<u>(141,245)</u>	<u>-</u>	<u>(141,245)</u>
Net changes	<u>(141,672)</u>	<u>(937,631)</u>	<u>795,959</u>
Balances at December 31, 2022	\$ <u>3,885,224</u>	\$ <u>4,808,062</u>	\$ <u>(922,838)</u>

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB asset	\$ <u>(548,094)</u>	\$ <u>(922,838)</u>	\$ <u>(1,243,413)</u>

WILLISTOWN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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

	1% <u>Decrease</u>	Current Medical Inflation Rate	1% <u>Increase</u>
Net OPEB asset	\$ <u>(1,272,076)</u>	\$ <u>(922,838)</u>	\$ <u>(511,324)</u>

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

For the year ended December 31, 2022, the Township recognized OPEB expense of \$(73,408). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,020,775	\$ 1,116,492
Changes of assumptions	<u>146,717</u>	<u>-</u>
Total	\$ <u>1,167,492</u>	\$ <u>1,116,492</u>

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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

<u>Year Ending</u> <u>December 31,</u>	
2023	\$ (113,817)
2024	(30,306)
2025	126,354
2026	210,411
2027	(44,783)
Thereafter	(96,859)

NOTE I - SEWAGE TREATMENT AGREEMENTS

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

VFSA’s normal operating costs are allocated among the participants based upon their proportionate share of sewage in relation to the total amount of sewage treated by VFSA. The agreement calls for quarterly estimated payments based on the estimated operating expenses. Any amounts advanced in excess of actual costs incurred are refundable and likewise, any amounts underpaid are due. VFSA’s charges for treatment operating costs totaled \$654,503 for the year ended December 31, 2022.

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

WILLISTOWN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE J - RISK MANAGEMENT AND COMMITMENTS

Risk Management - The Township is subject to various risks of loss arising from torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Township purchases commercial insurance. No settlements have exceeded coverage during the year ended December 31, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 367,000	\$ 367,000	\$ 383,995	\$ 16,995
Transfer taxes	650,000	650,000	1,239,066	589,066
Earned income taxes	6,500,000	6,500,000	9,144,163	2,644,163
Local services taxes	275,000	275,000	308,910	33,910
Cable franchise fees	290,000	290,000	288,436	(1,564)
Fines and forfeitures	14,700	14,700	22,552	7,852
Investment income/rental income	12,300	12,300	107,952	95,652
Intergovernmental	914,950	914,950	631,116	(283,834)
Park and recreation fees	9,000	9,000	14,471	5,471
Charges for services	564,050	564,050	975,032	410,982
Miscellaneous	32,804	32,804	150,415	117,611
TOTAL REVENUES	<u>9,629,804</u>	<u>9,629,804</u>	<u>13,266,108</u>	<u>3,636,304</u>
EXPENDITURES				
General government	1,813,991	1,813,991	1,046,176	(767,815)
Public safety	6,191,140	6,191,140	6,137,478	(53,662)
Public works	1,058,211	1,058,211	1,054,077	(4,134)
Culture and recreation	456,233	456,233	463,286	7,053
Debt service				
Principal payment	60,300	60,300	60,300	-
Interest and other charges	25,629	25,629	25,629	-
TOTAL EXPENDITURES	<u>9,605,504</u>	<u>9,605,504</u>	<u>8,786,946</u>	<u>(818,558)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>24,300</u>	<u>24,300</u>	<u>4,479,162</u>	<u>4,454,862</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	(125,000)	(125,000)	(2,125,000)	(2,000,000)
Sale of general capital assets	1,000	1,000	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(2,125,000)</u>	<u>(2,101,000)</u>
NET CHANGE IN FUND BALANCE				
	300	300	2,354,162	2,353,862
FUND BALANCE AT BEGINNING OF THE YEAR				
	<u>12,498,894</u>	<u>12,498,894</u>	<u>12,498,894</u>	<u>-</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ 12,499,194</u>	<u>\$ 12,499,194</u>	<u>\$ 14,853,056</u>	<u>\$ 2,353,862</u>

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Earned income tax	\$ 750,000	\$ 750,000	\$ 1,089,785	\$ 339,785
Investment income	4,800	4,800	41,465	36,665
TOTAL REVENUES	<u>754,800</u>	<u>754,800</u>	<u>1,131,250</u>	<u>376,450</u>
EXPENDITURES				
General government	1,000	1,000	5,423	4,423
Community development	-	-	-	-
Debt service				
Principal payments	365,000	365,000	365,000	-
Interest	188,560	188,560	188,559	(1)
TOTAL EXPENDITURES	<u>554,560</u>	<u>554,560</u>	<u>558,982</u>	<u>4,422</u>
NET CHANGE IN FUND BALANCE	200,240	200,240	572,268	372,028
FUND BALANCE AT BEGINNING OF THE YEAR	<u>5,079,628</u>	<u>5,079,628</u>	<u>5,079,628</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,279,868</u>	<u>\$ 5,279,868</u>	<u>\$ 5,651,896</u>	<u>\$ 372,028</u>

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WILLISTOWN TOWNSHIP

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

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	\$ 428,162	\$ 381,033	\$ 320,205	\$ 387,236
Interest	1,308,774	1,307,286	1,265,530	1,209,053
Differences between expected and actual experience	(71,104)	(140,725)	(75,841)	248,714
Changes of assumptions	-	1,845,867	-	530,997
Benefit payments	<u>(1,012,292)</u>	<u>(977,514)</u>	<u>(926,716)</u>	<u>(738,392)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	653,540	2,415,947	583,178	1,637,608
TOTAL PENSION LIABILITY, BEGINNING	<u>21,890,877</u>	<u>19,474,930</u>	<u>18,891,752</u>	<u>17,254,144</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 22,544,417</u>	<u>\$ 21,890,877</u>	<u>\$ 19,474,930</u>	<u>\$ 18,891,752</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ 358,425	\$ 803,159	\$ 849,513	\$ 737,199
Member	119,587	98,075	91,361	98,125
Net investment income (loss)	(3,826,055)	2,542,181	3,104,078	3,257,476
Benefit payments, including refunds of member contributions	(1,012,292)	(977,514)	(926,716)	(738,392)
Administrative expense	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(4,360,335)	2,465,901	3,118,236	3,354,408
Plan fiduciary net position, beginning	<u>24,067,245</u>	<u>21,601,344</u>	<u>18,483,108</u>	<u>15,128,700</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 19,706,910</u>	<u>\$ 24,067,245</u>	<u>\$ 21,601,344</u>	<u>\$ 18,483,108</u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ 2,837,507</u>	<u>\$ (2,176,368)</u>	<u>\$ (2,126,414)</u>	<u>\$ 408,644</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>87.41%</u>	<u>109.94%</u>	<u>110.92%</u>	<u>97.84%</u>
COVERED PAYROLL	<u>\$ 1,946,976</u>	<u>\$ 1,688,368</u>	<u>\$ 2,004,993</u>	<u>\$ 1,874,246</u>
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>145.74%</u>	<u>-128.90%</u>	<u>-106.06%</u>	<u>21.80%</u>

Changes of assumptions : In 2021, the investment rate of return assumption was changed from 6.75% to 6.00%. In 2019, the investment rate of return was changed from 7.0% to 6.75% and the mortality assumption was changed from Scale AA to Scale BB. In 2017, the investment rate of return assumption was changed from 7.25% to 7.0%. In 2015, the investment rate of return assumption was changes from 7.5% to 7.25%. In 2015, the mortality assumption was changed from Scale BB to Scale AA.

* The requirement for this schedule is to present ten years of information. However, until a full ten year trend is complete, only available information is present.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 358,425	\$ 803,159	\$ 849,513	\$ 737,199
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>358,425</u>	<u>803,159</u>	<u>849,513</u>	<u>737,199</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 1,946,976</u>	<u>\$ 1,688,368</u>	<u>\$ 2,004,993</u>	<u>\$ 1,874,246</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>18.41%</u>	<u>47.57%</u>	<u>42.37%</u>	<u>39.33%</u>

NOTES TO SCHEDULE

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	0 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	6.00%
Retirement age	Normal retirement age
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale BB

* The requirement for this schedule is to present ten years of information. However, until a full ten year trend is complete, only available information is present.

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

WILLISTOWN TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS LAST NINE FISCAL YEARS

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

* The requirement for this schedule is to present ten years of information. However, until a full ten year trend is complete, only available information is present.

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

WILLISTOWN TOWNSHIP

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 66,690	\$ 69,108	\$ 64,273
Interest	245,615	234,942	248,934
Differences between expected and actual experience	(312,732)	(60,901)	(235,467)
Changes of assumptions	-	-	339,765
Benefit payments	-	(125,690)	-
Other changes	(141,245)	-	-
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(141,672)</u>	<u>117,459</u>	<u>417,505</u>
TOTAL OPEB LIABILITY, BEGINNING	<u>4,026,896</u>	<u>3,909,437</u>	<u>3,491,932</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 3,885,224</u>	<u>\$ 4,026,896</u>	<u>\$ 3,909,437</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ -	\$ 132,023	\$ 132,023
Net investment income (loss)	(931,414)	620,378	805,057
Benefit payments, including refunds of member contributions	-	(125,690)	-
Administrative expense	(6,217)	(6,453)	(5,752)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>(937,631)</u>	<u>620,258</u>	<u>931,328</u>
Plan fiduciary net position, beginning	<u>5,745,693</u>	<u>5,125,435</u>	<u>4,194,107</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 4,808,062</u>	<u>\$ 5,745,693</u>	<u>\$ 5,125,435</u>
NET OPEB (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ (922,838)</u>	<u>\$ (1,718,797)</u>	<u>\$ (1,215,998)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>123.75%</u>	<u>142.68%</u>	<u>131.10%</u>
COVERED PAYROLL	<u>\$ 3,001,912</u>	<u>\$ 2,692,391</u>	<u>\$ 2,663,569</u>
NET OPEB (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>-30.74%</u>	<u>-63.84%</u>	<u>-45.65%</u>

NOTE TO SCHEDULE

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$	59,368	\$ 75,409	\$ 78,349
	268,086	253,375	233,901
	(605,950)	(92,537)	44,468
	-	-	-
	-	(20,114)	(131,042)
	-	-	-
	<u>(278,496)</u>	<u>216,133</u>	<u>225,676</u>
	<u>3,770,428</u>	<u>3,554,295</u>	<u>3,328,619</u>
\$	<u><u>3,491,932</u></u>	<u><u>3,770,428</u></u>	<u><u>3,554,295</u></u>
\$	132,023	\$ 185,124	\$ 435,124
	660,302	(93,329)	295,393
	-	(20,114)	(131,042)
	-	-	-
	<u>792,325</u>	<u>71,681</u>	<u>599,475</u>
	<u>3,401,782</u>	<u>3,330,101</u>	<u>2,730,626</u>
\$	<u><u>4,194,107</u></u>	<u><u>3,401,782</u></u>	<u><u>3,330,101</u></u>
\$	<u><u>(702,175)</u></u>	<u><u>368,646</u></u>	<u><u>224,194</u></u>
	<u>120.11%</u>	<u>90.22%</u>	<u>93.69%</u>
\$	<u><u>2,663,569</u></u>	<u><u>2,586,362</u></u>	<u><u>2,364,851</u></u>
	<u><u>-26.36%</u></u>	<u><u>14.25%</u></u>	<u><u>9.48%</u></u>

WILLISTOWN TOWNSHIP
SCHEDULE OF OPEB PLAN CONTRIBUTIONS
LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>132,023</u>	<u>132,023</u>
Excess contribution	<u>\$ -</u>	<u>\$ (132,023)</u>	<u>\$ (132,023)</u>
Covered payroll	<u>\$ 3,001,912</u>	<u>\$ 2,692,391</u>	<u>\$ 2,663,569</u>
Contribution as a percentage of covered payroll	<u>0.00%</u>	<u>4.90%</u>	<u>4.96%</u>

NOTES TO SCHEDULE

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry age, normal
Amortization method	Percentage of pay, closed
Medical inflation rate	7% increase the first year, decreasing by 0.50% per year to an ultimate rate of 5.00%
Asset valuation method	Market value
Inflation	3.00%
Wage inflation	3.50%
Salary increases	5.00%, average, including inflation
Long-term investment rate of return	6.00%
Retirement age	Age 55 and 28 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	<u>-16.31%</u>	<u>12.20%</u>	<u>19.00%</u>

NOTE TO SCHEDULE

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

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

SUPPLEMENTARY INFORMATION

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Investment income	\$ 1,300	\$ 1,300	\$ 9,870	\$ 8,570
EXPENDITURES				
General government	150,000	150,000	-	(150,000)
Public safety	248,460	248,460	110,756	(137,704)
Public works	100,000	100,000	118,619	18,619
Culture and recreation	100,000	100,000	105,124	5,124
TOTAL EXPENDITURES	<u>598,460</u>	<u>598,460</u>	<u>334,499</u>	<u>(263,961)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(597,160)	(597,160)	(324,629)	272,531
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCE	(597,160)	(597,160)	675,371	1,272,531
FUND BALANCE AT BEGINNING OF THE YEAR	<u>1,272,106</u>	<u>1,272,106</u>	<u>1,272,106</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 674,946</u>	<u>\$ 674,946</u>	<u>\$ 1,947,477</u>	<u>\$ 1,272,531</u>

WILLISTOWN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
OPERATING REVENUES				
Sewer charges	\$ 2,121,000	\$ 2,121,000	\$ 2,193,687	\$ 72,687
OPERATING EXPENSES				
Sewage treatment, operations and maintenance	2,390,944	2,390,944	2,082,962	(307,982)
General and administrative	175,246	175,246	360,747	185,501
Depreciation and amortization	-	-	461,046	461,046
TOTAL OPERATING EXPENSES	<u>2,566,190</u>	<u>2,566,190</u>	<u>2,904,755</u>	<u>338,565</u>
OPERATING LOSS	<u>(445,190)</u>	<u>(445,190)</u>	<u>(711,068)</u>	<u>(265,878)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,890	5,890	31,679	25,789
Interest expense	-	-	(103,103)	(103,103)
Other	-	-	157,209	157,209
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,890</u>	<u>5,890</u>	<u>85,785</u>	<u>79,895</u>
CHANGE IN NET POSITION	<u>\$ (439,300)</u>	<u>\$ (439,300)</u>	<u>\$ (625,283)</u>	<u>\$ (185,983)</u>

WILLISTOWN TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Capital Projects Fund	Special Revenue Funds		Total Other Governmental Funds
	Stormwater Infrastructure Fund	Bartram Bridge Preservation Fund	State Highway Fund	
ASSETS				
Cash and cash equivalents	\$ 2,318,643	\$ 128,436	\$ 595,720	\$ 3,042,799
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,133	\$ 42	\$ 17,356	\$ 18,531
Due to other funds	-	-	199,064	199,064
TOTAL LIABILITIES	<u>1,133</u>	<u>42</u>	<u>216,420</u>	<u>217,595</u>
FUND BALANCES				
Restricted				
Highway and street projects	-	-	379,300	379,300
Bridges	-	128,394	-	128,394
Assigned				
Outfall water drainage	<u>2,317,510</u>	<u>-</u>	<u>-</u>	<u>2,317,510</u>
TOTAL FUND BALANCES	<u>2,317,510</u>	<u>128,394</u>	<u>379,300</u>	<u>2,825,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,318,643</u>	<u>\$ 128,436</u>	<u>\$ 595,720</u>	<u>\$ 3,042,799</u>

WILLISTOWN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	Capital Projects Fund	Special Revenue Funds		Total Other Governmental Funds
	Stormwater Infrastructure Fund	Bartram Bridge Preservation Fund	State Highway Fund	
REVENUES				
Interest, dividends and rents	\$ 11,641	\$ 39	\$ 7,040	\$ 18,720
Intergovernmental	-	-	377,969	377,969
TOTAL REVENUES	<u>11,641</u>	<u>39</u>	<u>385,009</u>	<u>396,689</u>
EXPENDITURES				
Public works - highways and streets	194,131	-	406,113	600,244
Culture and recreation - bridges	-	2,820	-	2,820
TOTAL EXPENDITURES	<u>194,131</u>	<u>2,820</u>	<u>406,113</u>	<u>603,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(182,490)	(2,781)	(21,104)	(206,375)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,000,000</u>	<u>125,000</u>	<u>-</u>	<u>1,125,000</u>
NET CHANGE IN FUND BALANCES	817,510	122,219	(21,104)	918,625
FUND BALANCES AT BEGINNING OF YEAR	<u>1,500,000</u>	<u>6,175</u>	<u>400,404</u>	<u>1,906,579</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,317,510</u>	<u>\$ 128,394</u>	<u>\$ 379,300</u>	<u>\$ 2,825,204</u>