

MaherDuessel

Independent Auditor's Report on Summary Financial Statements

**Board of Supervisors
West Manchester Township**

The accompanying summary financial statements, which comprise the Summary Balance Sheet as of December 31, 2020, and the Summary Statement of Revenues and Expenditures for the year then ended, are derived from the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (DCED-CLGS-30) (the Schedules) of West Manchester Township (Township) as of and for the year ended December 31, 2020. We expressed an unmodified audit opinion on the regulatory basis of accounting on those audited Schedules in our report dated August 26, 2021.

The summary financial statements do not contain all the disclosures and schedules required by the accounting practices and procedures prescribed or permitted by the Pennsylvania Department of Community and Economic Development (regulatory basis). Reading the summary financial statements, therefore, is not a substitute for reading the Schedules of the Township.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the regulatory basis.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the Schedules based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the Schedules from which the summary financial statements have been derived and evaluating whether the summary financial statements are prepared in accordance with the regulatory basis.

Opinion

In our opinion, the summary financial statements of the Township as of and for the year ended December 31, 2020 referred to above are consistent, in all material respects, with the Schedules from which they have been derived, on the regulatory basis.

Maher Duessel

Harrisburg, Pennsylvania
August 26, 2021

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WEST MANCHESTER TOWNSHIP

SUMMARY FINANCIAL INFORMATION
DERIVED FROM THE ANNUAL AUDIT AND FINANCIAL REPORT (DCED-CLGS-30)

SUMMARY BALANCE SHEET INFORMATION ALL FUND TYPES AND ACCOUNT GROUP DECEMBER 31, 2020		SUMMARY STATEMENT OF REVENUES AND EXPENDITURES - ALL FUND TYPES YEAR ENDED DECEMBER 31, 2020	
Assets and Other Debits		Revenues and Other Financing Sources:	
Total Assets and Other Debits	\$ 70,936,550	Total revenues and other financing sources	\$ 24,298,721
Liabilities		Expenditures and Other Financing Uses:	
Total Liabilities	\$ 2,432,262	Total expenditures and other financing uses	<u>19,859,195</u>
Equity		Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,439,526
Investment in general fixed assets	9,124,195		
Fund balance	<u>59,380,093</u>	Fund Balance:	
Total Equity	<u>68,504,288</u>	January 1, 2020	<u>54,940,567</u>
Total Liabilities and Equity	<u>\$ 70,936,550</u>	December 31, 2020	<u>\$ 59,380,093</u>

The Township's financial statements and accompanying auditor's report may be examined at the Township Office.

MaherDuessel

**Board of Supervisors
West Manchester Township**

In planning and performing our audit of the primary government financial statements (financial statements) of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Manchester Township (Township) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness.

Improving Financial Reporting

During the audit process, material adjustments were proposed to the Township's records. These adjustments were necessary to correct the Township's recording of cash, other liabilities, and revenue.

Cash reconciliations provided by management improperly included \$57,658 as an unrecorded bank deposit. This amount should have been recorded as tax revenue for 2020. As a result, cash and taxes were understated.

During 2020, the Township made the agreed upon TIF payments, however, the Township did not reduce the revenue that was recorded. As a result, other liabilities were understated and revenue was overstated by \$145,426.

We recommend that management put in place procedures at year-end to review and reconcile the accounts of each fund.

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Management Letter

Management's Response: The Finance Department has corrected the issues with the collecting agency regarding emails detailing deposits. The Finance Department is direct debiting the revenue accounts to avoid TIF liability account. These items have been added to the check list for future audits.

In addition, we noted the following other matters during our audit:

Strengthening Information Technology Controls

During our review of information technology processes and procedures, we noted the Township does not have an up-to-date Disaster Recovery Plan and that its online backup service has not recently been tested. We recommend that the Township update their Disaster Recovery Plan and test its online backup service in order to ensure that both are sufficient to assist the Township in the event it becomes necessary to utilize the plan or services. Additionally, we recommend the Township to explore the possibility of purchasing Cybersecurity Insurance to mitigate any potential losses from cyber incidents.

Management's Response: The Township is actively working with 3rd Element Consulting creating the necessary disaster recovery program and should have this task completed in 2021.

Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new standards that may have an impact on the financial statements in future years. In order to prepare for these changes, we recommend that the management review these statements to obtain an understanding of the impact, if any, these changes will have on the financial statements.

GASB Statement No.	Title	Effective Date
87	<i>Leases</i>	December 31, 2022
92	<i>Omnibus 2020</i>	December 31, 2022
96	<i>Subscription-Based Information Technology Arrangements</i>	December 31, 2023
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i>	December 31, 2022

The Township's written responses to the material weakness and other matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We have already discussed these comments and suggestions with various Township personnel. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Supervisors, and others within the Township, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mahe Duessel

Harrisburg, Pennsylvania
August 26, 2021

MaherDuessel

**Board of Supervisors
West Manchester Township**

We have audited the primary government financial statements (financial statements) of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Manchester Township (Township), Pennsylvania, for the year ended December 31, 2020. In addition, we have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (Schedules) included in the Annual Audit and Financial Report of the Township for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our conversation with you about planning matters on February 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 12, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements and Schedules prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED), which is a regulatory basis of accounting. Our audit of the financial statements and Schedules does not relieve you or management of your responsibilities.

In addition, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements and Schedules are free of material misstatement. As part of our audit, we considered the internal control of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 2 to the financial statements and the significant accounting policies of the schedules correspond with the financial reporting provisions as described in the instructions provided by the DCED. As described in Note 2 to the financial statements, no new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements and Schedules in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements and Schedules prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and Schedules and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township's financial statements and Schedules were: depreciable lives of capital assets, collectability of certain receivables, amounts due from other governments, fair value of investments, and the actuarial assumptions used for pension and other post-employment benefit liabilities and the related deferred outflows and inflows of resources. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements and Schedules taken as a whole.

Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements and Schedules taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 26, 2021.

Management Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Other Matters

We applied certain limited procedures to the budget and actual for the General Fund and the historical pension plan and OPEB plan information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

This information is intended solely for the information and use of the Board of Supervisors and management of the Township, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mahe Duessel

Harrisburg, Pennsylvania
August 26, 2021

West Manchester Township
Year End: December 31, 2020
PAJE Report
Date: 1/1/2020 To 12/31/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
28	12/31/2020	Unreserved Fund Balance	01-000-00-000-2790 01	A-05-01			82,009.00		
28	12/31/2020	Miscellaneous	01-380-00-000-3800 01	A-05-01		82,009.00			
<p>To remove from current year revenue funds received from York Fair Grounds in prior years.</p>									
						82,009.00	82,009.00		

West Manchester Township

Financial Statements and
Required Supplementary and
Supplementary Information

Year Ended December 31, 2020
with Independent Auditor's Report

MaherDuessel

WEST MANCHESTER TOWNSHIP

YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

Independent Auditor's Report

Basic Financial Statements:

Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10
Statement of Fiduciary Net Position – Pension Trust Funds	11
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	12
Notes to Financial Statements	13

WEST MANCHESTER TOWNSHIP

YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

(Continued)

Required Supplementary Information:

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	49
Note to Required Supplementary Information - Budgetary Comparison Schedule	50
Schedule of Changes in the Police Plan’s Net Pension Liability and Related Ratios	51
Schedule of Changes in the Non-Uniform Plan’s Net Pension Liability and Related Ratios	52
Schedules of Township Contributions and Investment Returns	53
Notes to Required Supplementary Information – Pension Information	54
Schedules of Changes in the Total OPEB Liability	56
Note to Required Supplementary Information – OPEB Information	57

Supplementary Information:

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Non-Major Governmental Funds	59
Combining Balance Sheet – Non-Major Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	61
Combining Statement of Fiduciary Net Position – Pension Trust Funds	62
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	63

MaherDuessel

Independent Auditor's Report

**Board of Supervisors
West Manchester Township**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Manchester Township (Township), Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the Township's legally separate component unit (Shiloh Water Authority). Accounting principles generally accepted in the

United States of America require financial data for this component unit to be reported with the financial data of the Township's primary government unless the Township also issues financial statements for the financial reporting entity that include financial data for its component unit. The Township has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Township, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above 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 the Township, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, historical pension information, and historical other post-employment benefits information on pages 49 through 58 be presented to supplement the basic financial statements. Such information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
August 26, 2021

WEST MANCHESTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,249,181	\$ 22,043,591	\$ 34,292,772
Accounts receivable	370,616	1,139,363	1,509,979
Due from other governments	-	803,540	803,540
Taxes receivable	1,352,260	-	1,352,260
Prepaid expenses	291,128	103,250	394,378
Capital assets not being depreciated	1,332,960	51,200	1,384,160
Capital assets, net of accumulated depreciation	7,791,235	5,936,461	13,727,696
Total Assets	23,387,380	30,077,405	53,464,785
Deferred Outflows of Resources			
Deferred outflows of resources - pensions	1,879,511	35,609	1,915,120
Deferred outflows of resources - OPEB	257,939	9,734	267,673
Total Deferred Outflows of Resources	2,137,450	45,343	2,182,793
Liabilities			
Internal balances	59,888	(59,888)	-
Accounts payable	642	6,820	7,462
Accrued salaries and benefits	148,009	13,928	161,937
Due to other governments	-	110,022	110,022
Deposits in escrow	775,699	-	775,699
Unearned revenue	239,436	79,622	319,058
Other liabilities	125,334	-	125,334
Noncurrent liabilities:			
Due within one year	168,585	3,925	172,510
Due in more than one year	356,512	-	356,512
Net pension liability	4,149,521	70,330	4,219,851
Total OPEB liability	292,247	11,028	303,275
Total Liabilities	6,315,873	235,787	6,551,660
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	1,610,227	46,151	1,656,378
Deferred inflows of resources - OPEB	451,618	17,042	468,660
Total Deferred Inflows of Resources	2,061,845	63,193	2,125,038
Net Position			
Net investment in capital assets	9,124,195	5,987,661	15,111,856
Restricted for:			
Sewer projects	567,982	-	567,982
Public works	246,377	-	246,377
Unrestricted	7,208,558	23,836,107	31,044,665
Total Net Position	\$ 17,147,112	\$ 29,823,768	\$ 46,970,880

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

WEST MANCHESTER TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 855,592	\$ 689,892	\$ 16,703	\$ -	\$ (148,997)	\$ -	\$ (148,997)
Public safety	4,316,970	728,250	-	-	(3,588,720)	-	(3,588,720)
Public works	1,590,745	164,581	674,567	-	(751,597)	-	(751,597)
Culture recreation	354,497	25,713	-	-	(328,784)	-	(328,784)
Stormwater management	199,978	-	-	-	(199,978)	-	(199,978)
Other	3,625,109	-	-	-	(3,625,109)	-	(3,625,109)
Total governmental activities	<u>10,942,891</u>	<u>1,608,436</u>	<u>691,270</u>	<u>-</u>	<u>(8,643,185)</u>	<u>-</u>	<u>(8,643,185)</u>
Business-type activities:							
Sewer	5,586,635	6,814,993	-	-	-	1,228,358	1,228,358
Garbage	1,669,802	1,672,339	44,019	-	-	46,556	46,556
Total business-type activities	<u>7,256,437</u>	<u>8,487,332</u>	<u>44,019</u>	<u>-</u>	<u>-</u>	<u>1,274,914</u>	<u>1,274,914</u>
Total Primary Government	<u>\$ 18,199,328</u>	<u>\$ 10,095,768</u>	<u>\$ 735,289</u>	<u>\$ -</u>	<u>(8,643,185)</u>	<u>1,274,914</u>	<u>(7,368,271)</u>
General revenues:							
Taxes					9,260,273	-	9,260,273
Intergovernmental revenue and contributions not restricted to a specific purpose					477,311	-	477,311
Investment earnings					111,336	142,849	254,185
Transfers					100,589	(100,589)	-
Total general revenues					<u>9,949,509</u>	<u>42,260</u>	<u>9,991,769</u>
Change in Net Position					<u>1,306,324</u>	<u>1,317,174</u>	<u>2,623,498</u>
Net Position:							
Beginning of year					<u>15,840,788</u>	<u>28,506,594</u>	<u>44,347,382</u>
End of year					<u><u>\$ 17,147,112</u></u>	<u><u>\$ 29,823,768</u></u>	<u><u>\$ 46,970,880</u></u>

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

WEST MANCHESTER TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,295,904	\$ 6,706,900	\$ 246,377	\$ 12,249,181
Accounts receivable	370,616	-	-	370,616
Taxes receivable	1,352,260	-	-	1,352,260
Due from other funds	35,362	-	-	35,362
Prepaid expenditures	291,128	-	-	291,128
Total Assets	<u>\$ 7,345,270</u>	<u>\$ 6,706,900</u>	<u>\$ 246,377</u>	<u>\$ 14,298,547</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ 642	\$ -	\$ -	\$ 642
Due to other funds	-	95,250	-	95,250
Accrued salaries and benefits	148,009	-	-	148,009
Deposits in escrow	630,380	145,319	-	775,699
Other liabilities	125,334	-	-	125,334
Total Liabilities	<u>904,365</u>	<u>240,569</u>	<u>-</u>	<u>1,144,934</u>
Deferred Inflows of Resources:				
Unavailable revenue - other	292,089	-	-	292,089
Unavailable revenue - taxes	600,174	-	-	600,174
Total Deferred Inflows of Resources	<u>892,263</u>	<u>-</u>	<u>-</u>	<u>892,263</u>
Fund Balance:				
Nonspendable	291,128	-	-	291,128
Restricted for:				
Sewer projects	-	567,982	-	567,982
Public works	-	-	246,377	246,377
Assigned for:				
Capital projects	-	5,898,349	-	5,898,349
Unassigned	5,257,514	-	-	5,257,514
Total Fund Balance	<u>5,548,642</u>	<u>6,466,331</u>	<u>246,377</u>	<u>12,261,350</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 7,345,270</u>	<u>\$ 6,706,900</u>	<u>\$ 246,377</u>	<u>\$ 14,298,547</u>

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

WEST MANCHESTER TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balance - Governmental Funds \$ 12,261,350

Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds. 892,263

Rental payments received in advance are reported as unearned and amortized over the life of the rental agreement, but are available to pay current period expenditures and, therefore, are not reported in the funds as unavailable revenue. (239,436)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$18,905,916 and the accumulated depreciation is \$9,781,721. 9,124,195

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated absences	\$ (525,097)	
Net pension liability, net of related deferred outflows and inflows of resources	(3,880,237)	
Total OPEB liability, net of related deferred outflows and inflows of resources	<u>(485,926)</u>	<u>(4,891,260)</u>

Total Net Position - Governmental Activities \$ 17,147,112

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

WEST MANCHESTER TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2020

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,519,766	\$ -	\$ 76,159	\$ 8,595,925
Licenses and permits	356,126	-	-	356,126
Fines and forfeits	208,356	-	-	208,356
Investment earnings	32,894	75,269	3,173	111,336
Intergovernmental revenues	822,945	-	674,567	1,497,512
Charges for services	250,998	133,405	-	384,403
Other	257,042	436,723	-	693,765
Total revenues	10,448,127	645,397	753,899	11,847,423
Expenditures:				
Current:				
General government	779,991	-	-	779,991
Public safety	4,011,321	17,731	-	4,029,052
Public works	321,722	74,697	905,153	1,301,572
Culture recreation	283,648	5,045	-	288,693
Stormwater management	199,978	-	-	199,978
Other	3,625,089	20	-	3,625,109
Capital outlay	-	550,592	-	550,592
Total expenditures	9,221,749	648,085	905,153	10,774,987
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,226,378	(2,688)	(151,254)	1,072,436
Other Financing Sources (Uses):				
Transfers in	104,189	810,166	-	914,355
Transfers out	(810,166)	(3,600)	-	(813,766)
Total other financing sources (uses)	(705,977)	806,566	-	100,589
Net Change in Fund Balance	520,401	803,878	(151,254)	1,173,025
Fund Balance:				
Beginning of year	5,028,241	5,662,453	397,631	11,088,325
End of year	\$ 5,548,642	\$6,466,331	\$ 246,377	\$ 12,261,350

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

WEST MANCHESTER TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	1,173,025
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.</p>		
Depreciation expense	\$ (749,482)	
Capital outlays	550,592	(198,890)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		280,470
<p>Governmental funds report advance rental payments as revenues. However, in the Statement of Activities, the payments are amortized over the rental contract period and reported as general government charges for services.</p>		
		20,733
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:</p>		
Change in compensated absences	(30,789)	
Change in net pension liability, net of related deferred outflows and inflows of resources	83,315	
Change in total OPEB liability, net of related deferred outflows and inflows of resources	(21,540)	30,986
Total Change in Net Position - Governmental Activities	\$	<u>1,306,324</u>

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

WEST MANCHESTER TOWNSHIP

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2020

Assets	Sewer Fund	Garbage Fund	Total
Current assets:			
Cash and cash equivalents	\$ 20,397,770	\$ 1,645,821	\$ 22,043,591
Accounts receivable	1,077,199	62,164	1,139,363
Due from other funds	95,910	-	95,910
Due from other governments	803,540	-	803,540
Prepaid expenses	103,250	-	103,250
Total current assets	22,477,669	1,707,985	24,185,654
Noncurrent assets:			
Capital assets not being depreciated	51,200	-	51,200
Capital assets, net of accumulated depreciation	5,875,441	61,020	5,936,461
Total noncurrent assets	5,926,641	61,020	5,987,661
Total Assets	28,404,310	1,769,005	30,173,315
Deferred Outflows of Resources			
Deferred outflows of resources - pensions	35,609	-	35,609
Deferred outflows of resources - OPEB	9,734	-	9,734
Total Deferred Outflows of Resources	45,343	-	45,343

(Continued)

Liabilities	Sewer Fund	Garbage Fund	Total
Current liabilities:			
Due to other funds	-	36,022	36,022
Due to other governments	110,022	-	110,022
Accounts payable	6,772	48	6,820
Accrued salaries and benefits	12,130	1,798	13,928
Unearned revenue	78,130	1,492	79,622
Accrued compensated absences	3,925	-	3,925
Total current liabilities	<u>210,979</u>	<u>39,360</u>	<u>250,339</u>
Noncurrent liabilities:			
Total OPEB liability	11,028	-	11,028
Net pension liability	70,330	-	70,330
Total noncurrent liabilities	<u>81,358</u>	<u>-</u>	<u>81,358</u>
Total Liabilities	<u>292,337</u>	<u>39,360</u>	<u>331,697</u>
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	46,151	-	46,151
Deferred inflows of resources - OPEB	17,042	-	17,042
Total Deferred Inflows of Resources	<u>63,193</u>	<u>-</u>	<u>63,193</u>
Net Position			
Net investment in capital assets	5,926,641	61,020	5,987,661
Unrestricted	22,167,482	1,668,625	23,836,107
Total Net Position	<u>\$ 28,094,123</u>	<u>\$ 1,729,645</u>	<u>\$ 29,823,768</u>

(Concluded)

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

WEST MANCHESTER TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	Sewer Fund	Garbage Fund	Total
Operating Revenues:			
Charges for services	\$ 6,814,993	\$ 1,672,339	\$ 8,487,332
Total operating revenues	6,814,993	1,672,339	8,487,332
Operating Expenses:			
Personnel services	393,411	48,124	441,535
Lease expenses	1,516,520	-	1,516,520
Operation and administration	3,289,183	1,613,699	4,902,882
Total operating expenses	5,199,114	1,661,823	6,860,937
Operating income before depreciation	1,615,879	10,516	1,626,395
Depreciation	387,521	7,979	395,500
Operating Income	1,228,358	2,537	1,230,895
Nonoperating Revenues:			
Investment earnings	137,570	5,279	142,849
Intergovernmental grants	-	44,019	44,019
Total nonoperating revenues	137,570	49,298	186,868
Transfers out	(77,260)	(23,329)	(100,589)
Change in Net Position	1,288,668	28,506	1,317,174
Net Position:			
Beginning of year	26,805,455	1,701,139	28,506,594
End of year	<u>\$ 28,094,123</u>	<u>\$ 1,729,645</u>	<u>\$ 29,823,768</u>

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

WEST MANCHESTER TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Sewer Fund	Garbage Fund	Total
Cash Flows From Operating Activities:			
Cash received from users	\$ 7,003,360	\$ 1,646,375	\$ 8,649,735
Cash payments to employees for service	(389,034)	(48,863)	(437,897)
Cash payments to suppliers for goods and services	(4,706,864)	(1,689,808)	(6,396,672)
Net cash provided by (used in) operating activities	1,907,462	(92,296)	1,815,166
Cash Flows From Non-Capital Financing Activities:			
Transfers out	(77,260)	(23,329)	(100,589)
Intergovernmental grants	-	44,019	44,019
Net cash provided by (used in) non-capital financing activities	(77,260)	20,690	(56,570)
Cash Flows From Capital Financing Activities:			
Acquisition of capital assets	(43,167)	-	(43,167)
Net cash used in capital financing activities	(43,167)	-	(43,167)
Cash Flows From Investing Activities:			
Earnings on investments	137,570	5,279	142,849
Net cash provided by investing activities	137,570	5,279	142,849
Net Increase (Decrease) in Cash and Cash Equivalents	1,924,605	(66,327)	1,858,278
Cash and Cash Equivalents:			
Beginning of year	18,473,165	1,712,148	20,185,313
End of year	\$ 20,397,770	\$ 1,645,821	\$ 22,043,591
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	\$ 1,228,358	\$ 2,537	\$ 1,230,895
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	387,521	7,979	395,500
Amortization of deferred outflows and inflows of resources	182	-	182
(Increase) decrease in:			
Accounts receivable	262,824	(27,456)	235,368
Due from other governments	(146,024)	-	(146,024)
Prepaid expenses	3,593	359	3,952
Deferred outflows of resources - OPEB	389	-	389
Increase (decrease) in:			
Accrued salary and benefits	4,331	(739)	3,592
Accrued compensated absences	(252)	-	(252)
Due to other funds	-	(76,468)	(76,468)
Due to other governments	101,007	-	101,007
Unearned revenue	71,567	1,492	73,059
Total OPEB liability	(5,761)	-	(5,761)
Net pension liability	(28,389)	-	(28,389)
Deferred inflows of resources - pensions	21,598	-	21,598
Deferred inflows of resources - OPEB	6,518	-	6,518
Total adjustments	679,104	(94,833)	584,271
Net cash provided by (used in) operating activities	\$ 1,907,462	\$ (92,296)	\$ 1,815,166

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

WEST MANCHESTER TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
DECEMBER 31, 2020

Assets	
Investments	\$ 17,294,695
Accounts receivable	280
Due from other funds	175
Total Assets	17,295,150
Liabilities	
Due to other funds	175
Total Liabilities	175
Net Position	
Restricted for pension benefits	\$ 17,294,975

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

WEST MANCHESTER TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2020

Additions:

Contributions:

Employer	\$ 1,141,448
Employee	<u>170,978</u>

Total contributions	<u>1,312,426</u>
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Investment earnings:

Interest and dividends	50,648
Net appreciation of fair value of investments	<u>1,499,669</u>

Total investment earnings	1,550,317
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Less: investment expenses	<u>(82,125)</u>
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Net investment earnings	<u>1,468,192</u>
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Total additions	<u>2,780,618</u>
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Deductions:

Benefit payments	831,220
Administrative expense	<u>71</u>

Total deductions	<u>831,291</u>
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Change in Plan Net Position	1,949,327
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Net Position:

Beginning of year	<u>15,345,648</u>
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End of year	<u><u>\$ 17,294,975</u></u>
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The accompanying notes are an integral part of these financial statements.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. Organization

West Manchester Township (Township), Pennsylvania, is a municipality located in York County, Pennsylvania. It is a township of the second class based upon its population per square mile. In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on these criteria, the Township has one component unit. However, management has elected to exclude the component unit from these primary government financial statements. Therefore, these financial statements do not include the data of the component unit necessary for financial reporting in accordance with accounting principles generally accepted in the United States of America.

Shiloh Water Authority – The governing body of the Shiloh Water Authority (Authority) is appointed by the Board of Supervisors of the Township. Although it is legally separate from the Township, the Shiloh Water Authority has been determined to be a discretely presented component unit of the Township and its primary purpose is to provide water services to Township residents. During the year ended December 31, 2020, the Township paid the Authority \$93,966 for fire protection services.

2. Summary of Significant Accounting Principles

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. The statements include all the funds of the primary government, except for the fiduciary funds.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Separate rows and columns are used to distinguish between the governmental and business-type activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The governmental and business-type activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of governmental accounting standards.

All governmental funds of the Township are accounted for using a current financial resources measurement focus. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities (current and non-current), and deferred inflows of resources associated with the operation of the funds are included on its statement of net position. The proprietary operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Internal and Interfund Balances and Activities

In the process of aggregating data for the government-wide statement of net position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the statement of net position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables, "due to (from) other funds," are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances."

Interfund transfers represent the flow of assets from one fund to another where repayment is not expected. In the fund financial statements, these transactions are reported as "transfers in/out." Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as "Transfers."

Capital Assets

The Township reports capital assets at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the Township would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets include land, buildings, building improvements, vehicles, machinery, equipment, infrastructure (acquired on or after January 1, 2004), and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period.

The Township's policy is to capitalize assets or groups of assets with costs in excess of \$10,000. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from three to 40 years. Maintenance and repairs are charged to expense when incurred. Major renewals and betterments are capitalized. When items of equipment are sold or retired, the cost and related depreciation are removed from the accounts and any gain or loss is included in income.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Program Revenues - Government-Wide Financial Statements

The statement of activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions, and (c) program specific capital grants and contributions. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the Township's general revenues.

Operating and Nonoperating Revenues of Proprietary Funds

The Township defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities or investing activities would normally not be reported as operating revenues.

Applying Restricted or Unrestricted Resources

The Township first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenses or expenditures. The Township uses the following funds:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. All financial resources, except those accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds (non-major funds) - The special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

expenditures for specific purposes other than debt service or capital projects. The special revenue funds are the Liquid Fuels Fund and the Street Lighting Tax Fund.

Capital Projects Fund (major fund) - The Capital Projects Fund accounts for financial resources restricted, committed, or assigned to be used for the acquisition of major facilities which are not financed by Proprietary Funds.

Proprietary Funds

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) are financed through user charges. The enterprise funds are the Sewer Fund and Garbage Fund, which are both presented as major funds in the financial statements.

Fiduciary Funds

The fiduciary funds account for assets held by the Township in a trustee or agency capacity. Pension trust funds use the economic resources measurement focus in essentially the same manner as proprietary funds. The Police Pension Fund, the Non-Uniform Defined Benefit (DB) Pension Fund, and the Non-Uniform Defined Contribution (DC) Pension Fund are pension trust funds.

Modified Accrual Basis

The modified accrual basis of accounting is followed for all governmental funds of the Township. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates and compensated absences, pension, and other post-employment benefits (OPEB) which are recognized when due and payable) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the Township's operations. Generally, available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

Taxes

Current Revenue - These are taxes levied as of a specific date with a legal, enforceable claim against the taxpayer and/or property. These taxes are recognizable as current

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

revenue when received by the Township during the fiscal year and also estimated to be received by the Township within 60 days after the close of the fiscal year.

Deferred Inflows of Resources - Currently, levied taxes which are not estimated to be received by the Township within 60 days after the close of the current fiscal year are recorded as deferred inflows of resources.

Doubtful Accounts - An allowance for doubtful accounts is not required for property taxes due to a lien placed on delinquent properties. Upon sale, the lien would be satisfied and the Township would receive levied taxes.

Revenue from State Sources

State subsidies due to the Township as current fiscal year entitlements are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

Revenue from Federal Sources

Federal program funds applicable to expenditures for the same program in the current fiscal year but expected to be received in the next fiscal year are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year-end over the program expenditures are recorded as deferred inflows of resources or unearned revenue.

Grant Revenue

Grant revenue uses the legal and contractual requirements of the individual programs as guidance.

Accrual Basis

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the government-wide activities, proprietary funds, and pension trust funds. The pension trust funds' deductions for benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Budgets

In accordance with the laws of the Commonwealth of Pennsylvania (Commonwealth), the annual budget was presented to and enacted by the Township Supervisors in December 2019. All unused budget appropriations lapse at year-end.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Township considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

State statutes authorize the government to invest in the following types of investments:

1. United States Treasury Bonds.
2. Short-term obligations of the United States Government or its agencies or instrumentalities.
3. Short-term commercial paper issued by a public corporation.
4. Banker's acceptances
5. Deposits in savings accounts insured by the Federal Deposit Insurance Corporation (FDIC) with collateral pledged by the depository for any amounts above the insured maximum.
6. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
7. Shares of mutual funds whose investments are restricted to the above categories.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Pension trust funds are not restricted to the above requirements and may invest in other instruments.

Investments are recorded at fair value. The investments in the external investment pools are valued at amortized cost, which approximates fair value. The Township categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 significant unobservable inputs.

Accounts Receivable

Accounts receivable include fees charged for sewer and garbage and are recorded net of an allowance for uncollectible fees, which at December 31, 2020 was \$151,577 and \$64,901, respectively.

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 and disclosures. Actual results could differ from those estimates.

Fund Equity and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, note, or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The assets are reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to the restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets.

Unrestricted Net Position – This category represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

In the fund financial statements, fund balances of governmental funds are classified in four separate categories. The four categories, and their general meanings, are as follows:

Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures.

Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.

Assigned – This category represents intentions of the Township Manager to use funds for specific purposes. Through a resolution of the Township Board of Supervisors (Board), the Township Manager or his/her designee has been delegated the responsibility to assign funds.

Unassigned – This category represents all other funds not otherwise defined.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, assigned fund balance is applied first. Unassigned fund balance is applied last.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs, except as discussed in Notes 13 and 14. There were no significant reductions in insurance coverage in 2020. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 87 (Leases), 92 (Omnibus 2020), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

3. Deposits and Investments

Deposits

As of December 31, 2020, the Township's book balances were as follows:

	<u>Carrying Amount</u>
Cash and cash equivalents:	
Governmental activities	\$ 12,249,181
Business-type activities	<u>22,043,591</u>
Total cash and cash equivalents	<u>\$ 34,292,772</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township has a formal custodial credit risk policy that requires collateralization at 102% of market value at such time that the investment amount exceeds the \$250,000 limit of Federal Deposit Insurance Corporation (FDIC) insurance. As of December 31, 2020, the Township's book balance was \$34,292,772 and the bank balance was \$35,229,648. Of the bank balance, \$8,039,414 was covered by federal depository insurance and \$18,842,257 was collateralized under Act No. 72 (Act) of the 1971

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits. At December 31, 2020, one of the financial institutions utilized by the Township did not meet the required collateralization in accordance with the Act due to a large volume of public funds deposited on that date. However, the matter was corrected the next business day. At December 31, 2020, the Township had \$10,695,455 deposited with this financial institution. The remaining bank balance of \$8,347,977 is invested in an external investment pool with the Pennsylvania Local Government Investment Trust (PLGIT).

The Township uses PLGIT, an external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for Township funds. PLGIT was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at www.plgit.com. The fair value of the Township's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth provides external regulatory oversight for the external investment pool.

The Township has \$3,955,650 invested in PLGIT-Class shares, which require no minimum balance, no minimum initial investment, and have a one-day minimum investment period. The Township also has \$2,437,952 invested in PLGIT/Plus-Class shares, which require a minimum investment of \$50,000, a minimum investment period of thirty days, and has a premature withdrawal penalty. The Township has \$1,954,375 invested in PLGIT/PRIME, which is a variable rate investment portfolio that requires no minimum balance, no minimum initial investment, and limits redemptions or exchanges to two per calendar month. The Township has \$590,000 invested in PLGIT/CD Purchase Program, which enables Investors to purchase directly Certificates of Deposit (CDs) which are intended to be fully insured by the FDIC. On December 31, 2020, these PLGIT shares carried a AAA rating and had an average maturity of less than one year.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Investments

Investments of the Township at December 31, 2020 were as follows:

	<u>Level</u>	
Investments at fair value:		
Equity mutual funds:		
International	1	\$ 1,272,189
Large Cap	1	3,971,885
Mid Cap	1	680,800
Small Cap	1	400,557
Real estate investment trust	1	346,363
Fixed income mutual funds:		
Intermediate bond - taxable	1	3,933,912
Common Trust Fund - fixed	3	<u>2,363,467</u>
Total investments at fair value		<u>12,969,173</u>
Investments measured at the net asset value (NAV):		
Common Trust Fund - balanced		<u>4,325,522</u>
Total investments at NAV		<u>4,325,522</u>
Total investments		<u>\$ 17,294,695</u>

Valuation of Level 3 and NAV Holdings

Common Trust Fund – Fixed: This holding is valued based on a quarterly crediting rate as set in advance each quarter by the Standard Insurance Company (the Standard). This is a group annuity product in the Standard's general account, and provides a guaranteed rate of return. Payment obligation and fulfillment of guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of the Standard. The portfolio of this holding is comprised of publicly traded bonds, plus small commercial mortgage loans within the Standard's general account. This investment is classified within Level 3 of the valuation hierarchy.

Common Trust Fund – Balanced: This holding is valued daily and a NAV is determined based on the underlying holdings of the fund, which represent a moderate risk strategy allocation. The value of this fund is based on combination of valuation techniques, which include principal value per unit, income value per unit, and market value as determined by the Trust

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Investment Committee of Unified Trust Company, N.A. These valuation techniques are detailed in the Collective Investment Trust for Employee Benefits Plans Amended and Restated Declaration of Trust document.

The Township is able to redeem this holding on any date that the fund is valued, so long as the request is provided with one business day's notice. There are no unfunded commitments associated with this holding.

Custodial credit risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Township does not have an investment policy for custodial credit risk. The pension plans' investments are held by the counterparty in the pension plans' name.

Concentration of credit risk – The Township places no limit on the amount the Township may invest in any one issuer. At December 31, 2020, there were no investments that represented more than five percent of the Township's total investments.

Credit risk – The Township's common trust fund and fixed income investments had the following level of exposure to credit risk as of December 31, 2020:

	<u>Rating</u>	<u>Fair Value</u>
Common Trust Fund - balanced	Unrated	\$ 4,325,522
Common Trust Fund - fixed	A+	2,363,467
Fixed income mutual funds	AAA	818,251
Fixed income mutual funds	A	1,669,482
Fixed income mutual funds	B	1,446,179

Interest rate risk – The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Except for the pension trust fund, the maturity limitations for Township's investment are two years for treasury bills, treasury notes and bonds, and certificates of deposit and one year for repurchase agreements.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The following is a list of the Township's fixed income investments and their related average maturities:

	Fair Value	Investment Maturities		
		2021	2022-2026	2027-2031
Fixed income mutual funds	\$ 3,933,912	\$ -	\$ 1,446,179	\$ 2,487,733

4. Due From Other Governments

Pursuant to an inter-municipal agreement with the City of York (City) for the use of its wastewater treatment facility, the City is to bill the Township quarterly for flow, treatment, and debt services costs. Flow and treatment billings for the year ended December 31, 2020 were \$1.4 million. During the year ended December 31, 2020, the Township paid the City approximately \$1.4 million for 2020 flow and treatment costs and 2019 settlement amounts. At December 31, 2020, approximately \$804,000 is due from the City for overpayment of flow and treatment costs and is recorded in the Sewer Fund as due from other governments.

5. Interfund Balances and Transfers

The composition of interfund balances at December 31, 2020 is as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 35,362	\$ -
Capital Projects Fund	-	95,250
Enterprise Funds:		
Sewer Fund	95,910	-
Garbage Fund	-	36,022
Total	\$ 131,272	\$ 131,272

Interfund balances are primarily temporary loans between the various funds to finance operations.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 104,189	\$ 810,166
Capital Projects Fund	810,166	3,600
Enterprise Funds:		
Sewer Fund	-	77,260
Garbage Fund	-	23,329
Total	<u>\$ 914,355</u>	<u>\$ 914,355</u>

Transfers are used to account for unrestricted receipts transferred to finance various programs and capital disbursements accounted for in other funds in accordance with budget authorizations.

6. Property Taxes

Based upon assessed valuations, the tax collector for the Township collects property taxes on behalf of the Township. The schedule for property taxes levied for 2020, which was amended by the Township's Board of Supervisors in April 2020 to waive fees and penalties associated with property taxes as long as the taxes were paid in full by December 31, 2020, is as follows:

February 15, 2020	-	tax levy date
Through April 15, 2020	-	2% discount period
Through December 31, 2020	-	face payment period
Beginning January 1, 2021	-	10% penalty period

The Township's tax rate for general purposes for 2020 was 1.75 mills.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

7. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,332,960	\$ -	\$ -	\$ 1,332,960
Total capital assets, not being depreciated	1,332,960	-	-	1,332,960
Capital assets, being depreciated:				
Buildings and building improvements	6,200,948	73,780	-	6,274,728
Infrastructure	3,029,969	155,079	-	3,185,048
Traffic signals	1,389,945	-	-	1,389,945
Vehicles	4,607,838	263,773	(32,898)	4,838,713
Machinery and equipment	1,826,562	57,960	-	1,884,522
Total capital assets, being depreciated	17,055,262	550,592	(32,898)	17,572,956
Less accumulated depreciation for:				
Buildings and building improvements	(3,137,060)	(165,954)	-	(3,303,014)
Infrastructure	(1,231,803)	(153,437)	-	(1,385,240)
Traffic signals	(1,316,450)	(29,495)	-	(1,345,945)
Vehicles	(2,407,016)	(290,260)	32,898	(2,664,378)
Machinery and equipment	(972,808)	(110,336)	-	(1,083,144)
Total accumulated depreciation	(9,065,137)	(749,482)	32,898	(9,781,721)
Total capital assets, being depreciated, net	7,990,125	(198,890)	-	7,791,235
Governmental activities, capital assets, net	\$ 9,323,085	\$ (198,890)	\$ -	\$ 9,124,195

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 51,200	\$ -	\$ -	\$ 51,200
Total capital assets, not being depreciated	51,200	-	-	51,200
Capital assets, being depreciated:				
Sewer lines	34,985,787	-	-	34,985,787
Vehicles	523,336	43,167	-	566,503
Equipment	326,326	-	-	326,326
Total capital assets, being depreciated	35,835,449	43,167	-	35,878,616
Less accumulated depreciation for:				
Sewer lines	(29,037,772)	(330,984)	-	(29,368,756)
Vehicles	(299,620)	(41,379)	-	(340,999)
Equipment	(209,263)	(23,137)	-	(232,400)
Total accumulated depreciation	(29,546,655)	(395,500)	-	(29,942,155)
Total capital assets, being depreciated, net	6,288,794	(352,333)	-	5,936,461
Business-type activities, capital assets, net	\$ 6,339,994	\$ (352,333)	\$ -	\$ 5,987,661

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 76,188
Public safety	304,720
Public works	297,644
Culture recreation	70,930
Total depreciation expense - governmental activities	\$ 749,482
Business-type activities:	
Sewer	\$ 387,521
Garbage	7,979
Total depreciation expense - business-type activities	\$ 395,500

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

8. Long-Term Liabilities

Compensated Absences

Non-uniform employees and police officers who leave the employment of the Township are entitled to be paid for unused vacation time. Unused vacation time at December 31, 2019 for non-uniform employees and police officers amounted to \$58,750 and \$470,272, respectively.

Long-term liability activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 494,308</u>	<u>\$ 440,774</u>	<u>\$ (409,985)</u>	<u>\$ 525,097</u>	<u>\$ 168,585</u>
Governmental activities long-term liabilities	<u>\$ 494,308</u>	<u>\$ 440,774</u>	<u>\$ (409,985)</u>	<u>\$ 525,097</u>	<u>\$ 168,585</u>
Business-type activities:					
Compensated absences	<u>\$ 4,177</u>	<u>\$ 6,525</u>	<u>\$ (6,777)</u>	<u>\$ 3,925</u>	<u>\$ 3,925</u>
Business-type activities long-term liabilities	<u>\$ 4,177</u>	<u>\$ 6,525</u>	<u>\$ (6,777)</u>	<u>\$ 3,925</u>	<u>\$ 3,925</u>

9. Pension Plans

Plan Descriptions

The Township participates in two single-employer, defined benefit plans (Plans) established under the provisions of Act 205 of 1984 of the Commonwealth (Act 205). The Plans are governed by the Township's Board, which has delegated the authority to manage certain Plan assets to Unified Trust Company, N.A. Plan provisions and contribution requirements are established and may be amended by the Township. The activity of the Plans is reported as the Pension Trust Fund in the accompanying financial statements. Separate plan financial statements are not available.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Plan Membership

At December 31, 2020, Plan memberships consisted of the following:

	Police	Non-Uniform
Active plan members	28	18
Inactive members or beneficiaries currently receiving benefits	17	10
Inactive members entitled to, but not yet receiving benefits	1	4
Total plan members	46	32

Benefits Provisions

The Township Plans' benefit provisions were as follows:

	Police	Non-Uniform
Eligibility requirements	All full-time employees join upon employment	All non-uniformed employees join upon employment. Effective August 1, 2016, participation in the plan was frozen.
Normal retirement	Attained age 55 and 25 years of service	Attained age 60
Early retirement	N/A	Attained age 55 with 10 years of vesting service
Vesting	After 12 years of service	After 5 years of service
Retirement benefit	50% of average monthly pay. Also, a service increment of 1.5% of average monthly pay per years of service in excess of 25 years is payable to a maximum of \$100. Average monthly pay is based upon the last 36 months of compensation, including overtime.	2% of average monthly compensation multiplied by complete years and months of service up to a maximum of 25 years of service. Average monthly pay is based upon the highest consecutive 36 months of compensation of the final 60 months, and excludes overtime.
Disability benefits	If in the line of duty, the monthly disability payments shall be equal to 50% of the monthly salary at the date of disability, reduced by the amount of any Social Security disability payment.	N/A

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Contributions

Act 205 requires that annual contributions to the Plans be based upon each plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. The Plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Active members of the Non-Uniform Plan are required to contribute 2% of annual compensation. Active members of the Police Pension Plan are required to contribute 5% of annual compensation. The Township may, on an annual basis, by resolution, reduce or eliminate required contributions. During the year, the Township made their required contributions of \$784,129 and \$323,869 to the Police and Non-Uniform Plans, respectively, based upon the MMO.

Deferred Retirement Option Plan

The deferred retirement option plan (DROP) provides an alternative method of payment of retirement benefits for a specified and limited period of time for qualified members of the Township's Police Department. Under the DROP, employees stop earning service credit toward a future benefit and the calculated retirement benefit, at the time the DROP period begins, is deposited into another investment vehicle that offers both substantial security and some level of guaranteed interest. At the same time, the Township retains its experienced officers for a period of up to 24 months.

An active member who has met the eligibility requirements for normal retirement in the Police Pension Plan may elect to participate in the DROP for a period of not more than 24 months. The member's monthly pension shall be calculated as of the member's date of participation in the DROP and shall be accumulated with investment earnings based on the segregated fund performance, but not less than 0% nor greater than 4.5% and distributed in a lump sum at retirement.

At December 31, 2020, there were no employees participating in the DROP Plan.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Changes in Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2020 were as follows:

Police

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	\$ 15,584,272	\$ 11,257,374	\$ 4,326,898
Changes for the year:			
Service cost	538,778	-	538,778
Interest	949,853	-	949,853
Changes in assumptions	(53,445)	-	(53,445)
Differences between expected and actual experience	(230,019)	-	(230,019)
Contributions - employer	-	784,129	(784,129)
Contributions - employee	-	136,927	(136,927)
Net investment gain	-	1,094,476	(1,094,476)
Benefit payments, including refunds	(645,067)	(645,067)	-
Administrative expense	-	(21)	21
Net changes	560,100	1,370,444	(810,344)
Balances at December 31, 2020	\$ 16,144,372	\$ 12,627,818	\$ 3,516,554
Plan fiduciary net position as a percentage of the total pension liability			78.2%

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Non-Uniform

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	\$ 5,040,046	\$ 4,052,859	\$ 987,187
Changes for the year:			
Service cost	208,044	-	208,044
Interest	309,722	-	309,722
Changes in assumptions	(19,350)	-	(19,350)
Differences between expected and actual experience	(71,045)	-	(71,045)
Contributions - employer	-	323,869	(323,869)
Contributions - employee	-	18,959	(18,959)
Net investment gain	-	368,433	(368,433)
Benefit payments, including refunds	(185,414)	(185,414)	-
Net changes	241,957	525,847	(283,890)
Balances at December 31, 2020	\$ 5,282,003	\$ 4,578,706	\$ 703,297
Plan fiduciary net position as a percentage of the total pension liability			86.7%

The net pension liability of the Non-Uniform Pension Plan is allocated between the governmental activities and the business-type activities in the amounts of \$632,967 and \$70,330 respectively, at December 31, 2020.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Actuarial Assumptions - The net pension liability was determined as part of an actuarial valuation as of January 1, 2019 and rolled forward to the reporting date of December 31, 2020. This report was based upon the following significant actuarial assumptions:

	Police	Non-Uniform
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	6.00%	6.00%
Inflation rate	2.50%	2.50%
Salary increases	4.50%	4.50%
Mortality:		
Pre-retirement mortality	Pub-2010, Safety	Pub-2010, General
Post-retirement mortality	Pub-2010, Safety	Pub-2010, General

Changes in Assumption – Effective for the December 31, 2020 actuarial measurement, the Plans’ mortality table projection scale was updated from Scale MP-2019 to Scale MP-2020.

Investment Policy - The Plans’ investment policy is established and may be amended by the Board. The Plans’ investment policy objective is to conserve and enhance the capital value of the funds through assets appreciation and income generation designed to maximize returns without undue exposure to risk. The Plans’ investment policy does not consider cash a strategic asset, but rather a residual to the investment process used to meet short-term liquidity goals. The majority of the Plans’ assets are invested in equity and equity-like securities and fixed income securities.

Long-term Expected Rate of Return - The long-term expected rate of return on the Plans’ investments was determined using a risk premia building-block method with anchors including inflation, U.S. Intermediate Treasury funds, and U.S. Large Cap funds. Anchor points are reviewed and determined to be reasonable and a risk premium is assigned to each of the asset classes. Additional sources are reviewed to determine a consensus on various asset classes.

In order to meet its needs, the investment strategy of the pension plan is to responsibly and prudently maximize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The Plans’ policies in regard to the allocation of invested assets is established and may be amended by a majority vote of the Township Supervisors, who are responsible for the management of plan assets.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for the Plans as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected
	Police	Non-Uniform	Rate of Return
Domestic Equities	45.5%	41.4%	4.88-6.65%
International Equities	9.9%	8.8%	6.25-8.20%
Fixed Income	29.4%	32.9%	2.45-4.88%
Stable Value	13.2%	14.9%	2.80%
Real Estate	2.0%	2.0%	5.90%
	<u>100%</u>	<u>100%</u>	

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2020, the annual money-weighted rates of return on plan investments, net of investment expense, were 9.77% and 9.10% for the Police and Non-Uniform Plans, respectively.

Discount Rate - The discount rates used to measure the total pension liabilities for the Plans was 6.00%, which is equal to the assumed rates of return. Crossover test for projecting asset depletion is unnecessary, as the annual required contributions are actuarially determined; the cost method for funding (entry age normal) is a traditional individual method, the amortization periods are closed and of reasonable length, and all benefits are valued.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Police Plan	<u>\$ 5,810,677</u>	<u>\$ 3,516,554</u>	<u>\$ 1,625,058</u>
	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Non-Uniform Plan	<u>\$ 1,340,920</u>	<u>\$ 703,297</u>	<u>\$ 166,689</u>

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

For the year ended December 31, 2020, the Township recognized pension expense of \$1,024,683 in the governmental activities and (\$5,938) in the business-type activities. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 15,048	\$ -
Changes in assumptions	1,864,463	35,609
Total deferred outflows of resources	<u>\$ 1,879,511</u>	<u>\$ 35,609</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 682,112	\$ 22,989
Changes in assumptions	61,448	1,495
Net difference between projected and actual earnings on pension plan investments	866,667	21,667
Total deferred inflows of resources	<u>\$ 1,610,227</u>	<u>\$ 46,151</u>

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The differences in the Township's expected and actual experience and the changes in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. 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>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2021	\$ 71,933	\$ 550
2022	193,995	2,007
2023	(123,037)	(9,765)
2024	3,874	(3,334)
2025	91,584	-
Thereafter	30,935	-
	<u>\$ 269,284</u>	<u>\$ (10,542)</u>

Non-Uniform Defined Contribution Pension Plan

In June 2016, the Board approved the establishment of a defined contribution retirement plan for non-uniform employees. Non-uniform employees hired after August 1, 2016 will no longer be eligible to participate in the Township's current defined benefit retirement plan, but will instead be eligible to participate in a defined contribution plan. As of December 31, 2020, there were nine employees participating in this plan. The participants in the plan are required to contribute five percent of their compensation on an after-tax basis. The Township will contribute ten percent of each participating employees' compensation during the plan year. During the year ended December 31, 2020, the participants and the Township made contributions of \$15,092 and \$33,450, respectively.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Pension Financial Statements

Financial statements for the individual pension plans are presented below:

Statement of Fiduciary Net Position DECEMBER 31, 2020

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Assets:			
Investments	\$ 12,627,713	\$ 4,578,531	\$ 88,451
Accounts receivable	280	-	-
Due from other funds	-	175	-
Total Assets	12,627,993	4,578,706	88,451
Liabilities:			
Due to other funds	175	-	-
Total Liabilities	175	-	-
Net position restricted for pension benefits	\$ 12,627,818	\$ 4,578,706	\$ 88,451

Statement of Changes in Fiduciary Net Position YEAR ENDED DECEMBER 31, 2020

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Additions:			
Contributions:			
Employer	\$ 784,129	\$ 323,869	\$ 33,450
Employee	136,927	18,959	15,092
Total contributions	921,056	342,828	48,542
Investment earnings:			
Interest and dividends	40,314	10,334	-
Net appreciation in fair value of investments	1,114,638	379,748	5,283
Total investment earnings	1,154,952	390,082	5,283
Less: investment expense	(60,476)	(21,649)	-
Net investment earnings	1,094,476	368,433	5,283
Total additions	2,015,532	711,261	53,825
Deductions:			
Benefit payments	645,067	185,414	739
Administrative expense	21	-	50
Total deductions	645,088	185,414	789
Change in plan net position	1,370,444	525,847	53,036
Net position:			
Beginning of year	11,257,374	4,052,859	35,415
End of year	\$ 12,627,818	\$ 4,578,706	\$ 88,451

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

10. Other Post-Employment Benefit Plan

Plan Descriptions

In addition to the pension benefits described in Note 9, the Township provides certain post-employment healthcare benefits to its retirees through one single-employer, defined benefit OPEB plan. This OPEB plan does not issue a separate report. No assets are accumulated in a trust for the OPEB plan.

Non-Uniform Employees

Eligibility: Any non-uniform employee who retires and has attained age 60 with at least 25 years of service.

Benefits: Medical and prescription drug coverage are provided to the participant, along with a spouse and/or eligible dependents, as long as the retiree pays 100% of the premiums for the coverage elected. Retiree and dependent coverage may continue until the retiree's death.

Police

Eligibility: Any officer who reaches his or her superannuation date (attainment of age 55 with at least 25 years of service).

Benefits: Medical and prescription drug coverage are provided for the participant, along with a spouse and/or eligible dependents.

For 2015 through 2020, the Township will pay a portion of the premium for coverage at \$225 per month if the retiree elects single coverage and \$300 per month if the retiree elects to cover a spouse and/or eligible dependents.

The retiree may continue coverage until he or she becomes eligible for Medicare. A retiree's spouse or eligible dependents will no longer receive benefit after 10 years of receiving benefits, upon reaching Medicare eligibility, or retiree's death, if any are earlier than above.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Contributions

The Township's contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2020, the Township did not make any contributions to the OPEB plan.

The Township opted to not fully fund the OPEB contribution and will continue to fund the annual OPEB cost on a pay-as-you-go basis.

Plan Membership

At January 1, 2020, the latest actuarial valuation, the OPEB plan membership was as follows:

Active plan members	50
Inactive members or beneficiaries currently receiving benefits	-
Inactive members entitled to, but not yet receiving benefits	-
Total	<u>50</u>

Changes in Total OPEB Liability

The changes in total OPEB liability of the Township for the year ended December 31, 2020 were as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 21,883
Interest	18,585
Difference between expected and actual experience	(137,644)
Benefit payments	(5,160)
Changes of assumptions or other inputs	<u>(47,690)</u>
Net changes	(150,026)
Total OPEB liability at December 31, 2019 (based on a measurement date of December 31, 2018)	<u>453,301</u>
Total OPEB liability at December 31, 2020 (based on a measurement date of December 31, 2019)	<u>\$ 303,275</u>

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The total OPEB liability is allocated between the governmental activities and business-type activities in the amounts of \$292,247 and \$11,028, respectively, at December 31, 2020.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation.

The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation performed on January 1, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

Valuation date	1/1/2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	2.74%
Inflation rate	3.00%
Healthcare cost trend rates	6.75% in 2021; 6.50% in 2022; 6.25% in 2023; 6.00% in 2024; 5.75% in 2025; 5.50% in 2026; 5.25% in 2027; 5.00% in 2028; 4.75% in 2029; and 4.50% in 2030 and later
Mortality	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2019
Salary increases	2.50%

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Changes in Actuarial Assumptions

The discount rate changed from 4.10% to 2.74%. In addition, changes were made to the mortality improvement scale and medical trend rates.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.74%. The discount rate was based on the Bond Buyers 20-Bond Index. Since the OPEB plan has insufficient assets to meet projected benefit payments, the municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the single discount rate for each measurement period assumed that employer contributions will be made based on the current funding policy for future years.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (1.74%)</u>	<u>Current Discount Rate (2.74%)</u>	<u>1% Increase (3.74%)</u>
Total OPEB Liability	<u>\$ 312,725</u>	<u>\$ 303,275</u>	<u>\$ 293,825</u>

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

The following presents the total OPEB liability of the Township calculated using the healthcare cost trend rates described above, as well as what the Township's total OPEB 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 rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 275,252</u>	<u>\$ 303,275</u>	<u>\$ 335,483</u>

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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

For the year ended December 31, 2020, the Township recognized OPEB expense of \$21,540 in the governmental activities and \$475 in the business-type activities.

At December 31, 2020, the governmental activities and business-type activities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 257,939	\$ 9,734
Total Deferred Outflows of Resources	\$ 257,939	\$ 9,734
<u>Deferred Inflows of Resources:</u>		
Changes of assumptions or other inputs	\$ 330,032	\$ 12,454
Differences between expected and actual experience	121,586	4,588
Total Deferred Inflows of Resources	\$ 451,618	\$ 17,042

The differences in the governmental activities and business-type activities expected and actual experience and changes of assumptions is recognized over the average expected remaining service lives of active and inactive members. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-type Activities
Year ending December 31,		
2021	\$ (17,782)	\$ (671)
2022	(17,782)	(671)
2023	(17,782)	(671)
2024	(17,782)	(671)
2025	(17,782)	(671)
Thereafter	(104,769)	(3,953)
	\$ (193,679)	\$ (7,308)

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

11. Commitments

Lease Agreement

The Township has entered into a lease agreement with Dover Township for use of Dover Township's sewage treatment plant facility.

The minimum annual payments as of December 31 are as follows:

2021	\$	831,678
2022		851,953
2023		858,300
2024		790,606
2025		824,444
2026-2030		<u>3,289,832</u>
	\$	<u>7,446,813</u>

This agreement also provides for the quarterly payment of the plant's operation and maintenance costs based on the Township's portion of total sewage flow.

Contracts

During the year ended December 31, 2019, the Township entered into a three-year trash hauling contract for the removal of refuse in the monthly amount of \$13.10, \$13.75, and \$14.45 per customer for the years ended December 31, 2020, 2021, and 2022, respectively. The contract remains effective until December 31, 2022, with the option to renew on a yearly basis for up to two one-year renewal periods at monthly amount of \$15.30 and \$16.25 per customer for the years ended December 31, 2023 and 2024, respectively.

Subsequent to year-end, the Township entered into construction and equipment contracts for approximately \$840,000.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

12. Contingencies

The Township is involved in various lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements.

13. Public Entity Risk Pool

The Township is exposed to a risk of loss relating to worker's compensation. In June 1995, the Township joined the Susquehanna Municipal Trust (Trust), a public entity risk pool. Members of the Trust share joint and several liability regarding worker's compensation claims. The Township pays annual premiums to the Trust based upon estimated annual payroll in various employment classifications. The Trust is responsible for paying the first \$250,000 on worker's compensation claims. The Trust purchases insurance for claims ranging from \$250,000 to \$500,000. In the event the Trust needs additional funding, the Trust may assess, on a proportionate basis, all members of the Trust additional premiums. The Township paid premiums of \$176,598 during the year ended December 31, 2020.

14. Insurance Cooperative

The Township entered into an intergovernmental cooperation agreement with 25 other local municipalities for the purpose of selecting and contracting with a common insurance carrier to realize certain economies of scale in providing for the various types of insurance required to be maintained by the Township. The agreement has a perpetual duration and shall continue until terminated pursuant to terms and conditions as defined therein. The contract with the insurance carrier includes a \$25,000 maximum loss per occurrence per policy year. The Township pays premiums for reinsurance, as there is an overall plan loss limitation, which is recalculated annually. The Township is responsible for its share of cross recovery of all municipalities. During the years ended December 31, 2020 and 2019, the Township paid approximately \$ 2,400 and \$9,500, respectively, towards cross recovery.

The Township participates in the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). The PMHIC is a public entity risk pool established by certain units of local government in Pennsylvania to provide health and welfare plan benefits directly to eligible employees, their families, and dependents.

WEST MANCHESTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The PMHIC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. The department does not exercise any control of the activities of the PMHIC beyond its representation on the Board of Directors.

The following is a reconciliation of changes in estimated claims for health and welfare plan costs for the current fiscal year:

	<u>2020</u>	<u>2019</u>
Township funding	\$ 1,406,741	\$ 1,352,095
Claims paid	(1,423,262)	(1,618,176)
Reinsurance reimbursements	437,750	617,496
Anticipated cross recovery	(2,376)	(9,538)
Available for benefits	<u>\$ 418,853</u>	<u>\$ 341,877</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

WEST MANCHESTER TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,213,287	\$ 8,213,287	\$ 8,519,766	\$ 306,479
Licenses and permits	343,625	343,625	356,126	12,501
Fines and forfeits	159,400	159,400	208,356	48,956
Investment earnings	70,000	70,000	32,894	(37,106)
Intergovernmental revenues	1,027,785	1,027,785	822,945	(204,840)
Charges for services	236,301	236,301	250,998	14,697
Other	96,200	96,200	257,042	160,842
Total revenues	<u>10,146,598</u>	<u>10,146,598</u>	<u>10,448,127</u>	<u>301,529</u>
Expenditures:				
General government	761,827	787,377	779,991	7,386
Public safety	4,199,245	4,114,990	4,011,321	103,669
Public works	377,590	372,245	321,722	50,523
Culture recreation	352,806	331,201	283,648	47,553
Stormwater management	202,339	202,574	199,978	2,596
Other	3,546,844	3,632,264	3,625,089	7,175
Total expenditures	<u>9,440,651</u>	<u>9,440,651</u>	<u>9,221,749</u>	<u>218,902</u>
Excess of Revenues Over Expenditures	<u>705,947</u>	<u>705,947</u>	<u>1,226,378</u>	<u>520,431</u>
Other Financing Sources (Uses):				
Transfers in	104,219	104,219	104,189	(30)
Transfers out	(810,166)	(810,166)	(810,166)	-
Total other financing sources (uses)	<u>(705,947)</u>	<u>(705,947)</u>	<u>(705,977)</u>	<u>(30)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>520,401</u>	<u>\$ 520,401</u>
Fund Balance:				
Beginning of year			<u>5,028,241</u>	
End of year			<u>\$ 5,548,642</u>	

See accompanying notes to required supplementary information - budgetary comparison schedule.

WEST MANCHESTER TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2020

1. Budget Matters

The Board of Supervisors approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the General Fund. The budget for the General Fund for the year ended December 31, 2020 was formally adopted in December 2019 at a duly advertised public meeting.

WEST MANCHESTER TOWNSHIP
SCHEDULE OF CHANGES IN THE POLICE PLAN'S
NET PENSION LIABILITY AND RELATED RATIOS

	2020*	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 538,778	\$ 487,668	\$ 436,018	\$ 389,981	\$ 411,247	\$ 229,472	\$ 228,851
Interest	949,853	875,483	828,913	791,593	765,727	739,253	700,786
Changes in assumptions	(53,445)	465,381	-	1,060,564	-	1,718,695	-
Differences between expected and actual experience	(230,019)	(12,409)	9,877	(132,751)	(426,736)	23,567	(325,169)
Benefit payments, including refunds	(645,067)	(786,891)	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
Net Changes in Total Pension Liability	560,100	1,029,232	839,167	1,771,276	432,592	2,378,922	373,256
Total Pension Liability - Beginning	15,584,272	14,555,040	13,715,873	11,944,597	11,512,005	9,133,083	8,759,827
Total Pension Liability - Ending (a)	\$ 16,144,372	\$ 15,584,272	\$ 14,555,040	\$ 13,715,873	\$ 11,944,597	\$ 11,512,005	\$ 9,133,083
Plan Fiduciary Net Position:							
Contributions - employer	\$ 784,129	\$ 688,865	\$ 497,781	\$ 515,086	\$ 348,540	\$ 309,540	\$ 229,180
Contributions - member	136,927	145,360	129,015	121,859	128,707	131,629	115,866
Net investment income (loss)	1,094,476	1,647,009	(472,230)	1,095,816	466,064	(264,718)	257,289
Benefit payments, including refunds	(645,067)	(786,891)	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
Administrative expense	(21)	(3,932)	(4,939)	(6,496)	(1,012)	(8,909)	(38,304)
Net Change in Plan Fiduciary Net Position	1,370,444	1,690,411	(286,014)	1,388,154	624,653	(164,523)	332,819
Plan Fiduciary Net Position - Beginning	11,257,374	9,566,963	9,852,977	8,464,823	7,840,170	8,004,693	7,671,974
Plan Fiduciary Net Position - Ending (b)	\$ 12,627,818	\$ 11,257,374	\$ 9,566,963	\$ 9,852,977	\$ 8,464,823	\$ 7,840,170	\$ 8,004,793
Net Pension Liability - Ending (a-b)	\$ 3,516,554	\$ 4,326,898	\$ 4,988,077	\$ 3,862,896	\$ 3,479,774	\$ 3,671,835	\$ 1,128,290
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.22%	72.24%	65.73%	71.84%	70.87%	68.10%	87.65%
Covered Payroll	\$ 2,828,033	\$ 2,802,981	\$ 2,643,749	\$ 2,350,886	\$ 2,370,449	\$ 2,624,711	\$ 2,368,350
Net Pension Liability as a Percentage of Covered Payroll	124.35%	154.37%	188.67%	164.32%	146.80%	139.89%	47.64%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension information

WEST MANCHESTER TOWNSHIP
SCHEDULE OF CHANGES IN THE NON-UNIFORM PLAN'S
NET PENSION LIABILITY AND RELATED RATIOS

	2020 *	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 208,044	\$ 208,354	\$ 208,491	\$ 209,749	\$ 199,462	\$ 129,761	\$ 124,541
Interest	309,722	282,426	265,585	248,871	240,607	242,916	236,551
Changes in assumptions	(19,350)	185,592	-	395,080	-	484,582	-
Differences between expected and actual experience	(71,045)	(49,620)	(61,044)	(132,436)	(170,129)	(71,086)	(100,124)
Benefit payments, including refunds	(185,414)	(147,258)	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
Net Changes in Total Pension Liability	241,957	479,494	281,536	608,887	32,826	685,536	(5,117)
Total Pension Liability - Beginning	5,040,046	4,560,552	4,279,016	3,670,129	3,637,303	2,951,767	2,956,884
Total Pension Liability - Ending (a)	\$ 5,282,003	\$ 5,040,046	\$ 4,560,552	\$ 4,279,016	\$ 3,670,129	\$ 3,637,303	\$ 2,951,767
Plan Fiduciary Net Position:							
Contributions - employer	\$ 323,869	\$ 307,389	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,075	\$ 143,218
Contributions - employee	18,959	22,117	21,725	23,281	23,310	16,383	31,290
Net investment income (loss)	368,433	578,065	(167,971)	365,807	153,558	(88,850)	91,848
Benefit payments, including refunds	(185,414)	(147,049)	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
Administrative expense	-	(3,705)	(5,438)	(3,881)	(4,297)	(9,735)	(11,285)
Net Change in Plan Fiduciary Net Position	525,847	756,817	(41,959)	514,300	116,694	(13,764)	(11,014)
Plan Fiduciary Net Position - Beginning	4,052,859	3,296,042	3,338,001	2,823,701	2,707,007	2,720,771	2,731,785
Plan Fiduciary Net Position - Ending (b)	\$ 4,578,706	\$ 4,052,859	\$ 3,296,042	\$ 3,338,001	\$ 2,823,701	\$ 2,707,007	\$ 2,720,771
Net Pension Liability - Ending (a-b)	\$ 703,297	\$ 987,187	\$ 1,264,510	\$ 941,015	\$ 846,428	\$ 930,296	\$ 230,996
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.69%	80.41%	72.27%	78.01%	76.94%	74.42%	92.17%
Covered Payroll	\$ 980,998	\$ 1,027,113	\$ 1,075,934	\$ 1,070,004	\$ 1,185,242	\$ 1,127,808	\$ 1,136,459
Net Pension Liability as a Percentage of Covered Payroll	71.69%	96.11%	117.53%	87.94%	71.41%	82.49%	20.33%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension information

WEST MANCHESTER TOWNSHIP

SCHEDULES OF TOWNSHIP CONTRIBUTIONS AND INVESTMENT RETURNS

POLICE PENSION PLAN:

Schedule of Township Contributions	2020 *	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 784,129	\$ 688,865	\$ 497,085	\$ 506,061	\$ 348,540	\$ 313,177	\$ 229,180	\$ 221,758	\$ 196,777	\$ 194,696
Contributions in relation to the actuarially determined contributions	<u>784,129</u>	<u>688,865</u>	<u>497,781</u>	<u>515,086</u>	<u>348,540</u>	<u>309,540</u>	<u>229,180</u>	<u>221,758</u>	<u>196,777</u>	<u>243,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (696)</u>	<u>\$ (9,025)</u>	<u>\$ -</u>	<u>\$ 3,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,552)</u>
Covered payroll	<u>\$ 2,578,081</u>	<u>\$ 2,546,016</u>	<u>\$ 2,458,443</u>	<u>\$ 2,603,334</u>	<u>\$ 2,547,084</u>	<u>\$ 2,424,666</u>	<u>\$ 2,329,296</u>	<u>\$ 2,206,608</u>	<u>\$ 2,029,015</u>	<u>\$ 2,003,491</u>
Contributions as a percentage of covered payroll	<u>30.42%</u>	<u>27.06%</u>	<u>20.25%</u>	<u>19.79%</u>	<u>13.68%</u>	<u>12.77%</u>	<u>9.84%</u>	<u>10.05%</u>	<u>9.70%</u>	<u>12.14%</u>
Investment Returns										
Annual money-weighted rate of return, net of investment expense	<u>9.77%</u>	<u>17.41%</u>	<u>-4.90%</u>	<u>12.93%</u>	<u>6.00%</u>	<u>-3.30%</u>	<u>2.81%</u>			

NON-UNIFORM PENSION PLAN:

Schedule of Township Contributions	2020 *	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 323,869	\$ 307,389	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,648	\$ 143,218	\$ 137,242	\$ 101,460	\$ 99,224
Contributions in relation to the actuarially determined contributions	<u>323,869</u>	<u>307,389</u>	<u>241,221</u>	<u>241,470</u>	<u>181,237</u>	<u>169,075</u>	<u>143,218</u>	<u>137,242</u>	<u>101,460</u>	<u>153,628</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,404)</u>				
Covered payroll	<u>\$ 1,094,673</u>	<u>\$ 1,110,757</u>	<u>\$ 1,208,116</u>	<u>\$ 1,227,899</u>	<u>\$ 1,191,567</u>	<u>\$ 1,146,812</u>	<u>\$ 1,149,333</u>	<u>\$ 1,089,434</u>	<u>\$ 1,088,386</u>	<u>\$ 1,076,836</u>
Contributions as a percentage of covered payroll	<u>29.59%</u>	<u>27.67%</u>	<u>19.97%</u>	<u>19.67%</u>	<u>15.21%</u>	<u>14.74%</u>	<u>12.46%</u>	<u>12.60%</u>	<u>9.32%</u>	<u>14.27%</u>
Investment Returns										
Annual money-weighted rate of return, net of investment expense	<u>9.10%</u>	<u>17.40%</u>	<u>-5.03%</u>	<u>12.91%</u>	<u>5.92%</u>	<u>-3.27%</u>	<u>2.82%</u>			

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension information

WEST MANCHESTER TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION INFORMATION

YEAR ENDED DECEMBER 31, 2020

Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates under Act 205 are as follows:

<u>Actuarial Assumptions</u>	<u>Police Pension</u>	<u>Non-Uniform Pension</u>
Valuation date	1/1/2019	1/1/2019
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Amortization period	11 years	7 years
Actuarial assets valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Project salary increases	4.5% annual increase	4.5% annual increase
Post-retirement benefit increases	None	None

Significant Factors Affecting Schedules

During the year ended December 31, 2020, the Plans' mortality table assumption was updated from the Pub-10 Mortality Table (MP-2019 projection scale) to the Pub-2010 Mortality Table (MP-2020 projection scale).

During the year ended December 31, 2019, the Plans' mortality table assumption was updated from the RP-2014 Blue Collar Mortality Table (adjusted to 2006) to the Pub-10 Mortality Table.

WEST MANCHESTER TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION INFORMATION

YEAR ENDED DECEMBER 31, 2020

During the year ended December 31, 2017, the Plans' investment rate of return and discount rate were changed from 7.00% to 6.50%, the Plans' salary increase rate was changed from 5.00% to 4.50%, and the Plans' mortality table assumption was updated from the RP-2000 Mortality Table projected with Scale AA to the RP-2014 Blue Collar Mortality Table (adjusted to 2006) projected with Scale MP-2017.

During the year ended December 31, 2015, the Plans' investment rate of return and discount rate were changed from 8.00% to 7.00%.

WEST MANCHESTER TOWNSHIP
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

	<u>2020*</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 21,883	\$ 21,633	\$ 17,888
Interest	18,585	15,293	17,177
Differences between expected and actual experience	(137,644)	-	347,974
Changes of assumptions	(47,690)	(13,192)	(373,891)
Benefit payments	(5,160)	-	(9,003)
Net Changes in Total OPEB Liability	(150,026)	23,734	145
Total OPEB Liability - Beginning	453,301	429,567	429,422
Total OPEB Liability - Ending	\$ 303,275	\$ 453,301	\$ 429,567

* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - OPEB information

WEST MANCHESTER TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION OPEB INFORMATION

YEAR ENDED DECEMBER 31, 2020

1. Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedule:

Valuation date	1/1/2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	2.74%
Inflation rate	3.00%
Healthcare cost trend rates	6.75% in 2021; 6.50% in 2022; 6.25% in 2023; 6.00% in 2024; 5.75% in 2025; 5.50% in 2026; 5.25% in 2027; 5.00% in 2028; 4.75% in 2029; and 4.50% in 2030 and later
Mortality	Pri.H2012 Total Dataset Mortality Table projected using Scale MP-2019
Salary increases	2.50%

Changes in Actuarial Assumptions

The discount rate changed from 4.10 to 2.74% in the January 1, 2020 actuarial valuation, based on a measurement date of December 31, 2019. In addition, changes were made to the mortality improvement scale, the health care trends were updated, and the estimated impact of the excise tax on high-cost plans was removed because this tax was repealed by Congress in December 2019.

The discount rate changed from 3.56% to 4.10% in the January 1, 2018 actuarial valuation, based on a measurement date of December 31, 2019. In addition, changes were made to the mortality improvement scale.

WEST MANCHESTER TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION OPEB INFORMATION

YEAR ENDED DECEMBER 31, 2020

The discount rate changed from 4.00% to 3.56% in the January 1, 2018 actuarial valuation, based on a measurement date of December 31, 2017. The rate of inflation changed from 2.75% to 3.00% in the January 1, 2018 actuarial valuation. In addition, changes were made to the aging factors, the mortality table, the cost method, the percentage with a covered spouse, and the participation percentage.

Other Information

The Township has not accumulated assets for the OPEB plan. Benefits are paid on a pay-as-you-go basis.

SUPPLEMENTARY INFORMATION

WEST MANCHESTER TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2020

	Liquid Fuels			Street Lighting Tax		
	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 73,650	\$ 76,159	\$ 2,509
Investment earnings	14,500	2,570	(11,930)	1,500	603	(897)
Intergovernmental revenues	661,366	674,567	13,201	-	-	-
Total revenues	675,866	677,137	1,271	75,150	76,762	1,612
Expenditures:						
Current:						
Public works	675,866	840,211	(164,345)	67,000	64,942	2,058
Total expenditures	675,866	840,211	(164,345)	67,000	64,942	2,058
Net Change in Fund Balance	\$ -	(163,074)	\$ (163,074)	\$ 8,150	11,820	\$ 3,670
Fund Balance:						
Beginning of year		310,343			87,288	
End of year		\$ 147,269			\$ 99,108	

WEST MANCHESTER TOWNSHIP

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
<hr/>			
Assets			
Cash and cash equivalents	\$ 147,269	\$ 99,108	\$ 246,377
Total Assets	<u>147,269</u>	<u>99,108</u>	<u>246,377</u>
<hr/>			
Fund Balance			
Restricted for:			
Public works	<u>147,269</u>	<u>99,108</u>	<u>246,377</u>
Total Liabilities and Fund Balance	<u>\$ 147,269</u>	<u>\$ 99,108</u>	<u>\$ 246,377</u>

WEST MANCHESTER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
Revenues:			
Taxes	\$ -	\$ 76,159	\$ 76,159
Investment earnings	2,570	603	3,173
Intergovernmental revenues	674,567	-	674,567
Total revenues	677,137	76,762	753,899
Expenditures:			
Current:			
Public works	840,211	64,942	905,153
Total expenditures	840,211	64,942	905,153
Net Change in Fund Balance	(163,074)	11,820	(151,254)
Fund Balance:			
Beginning of year	310,343	87,288	397,631
End of year	<u>\$ 147,269</u>	<u>\$ 99,108</u>	<u>\$ 246,377</u>

WEST MANCHESTER TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS

DECEMBER 31, 2020

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
Assets				
Investments	\$ 12,627,713	\$ 4,578,531	\$ 88,451	\$ 17,294,695
Accounts receivable	280	-	-	280
Due from other funds	-	175	-	175
Total Assets	12,627,993	4,578,706	88,451	17,295,150
Liabilities				
Due to other funds	175	-	-	175
Total Liabilities	175	-	-	175
Net Position				
Restricted for pension benefits	<u>\$ 12,627,818</u>	<u>\$ 4,578,706</u>	<u>\$ 88,451</u>	<u>\$ 17,294,975</u>

WEST MANCHESTER TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2020

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
Additions:				
Contributions:				
Employer	\$ 784,129	\$ 323,869	\$ 33,450	\$ 1,141,448
Employee	136,927	18,959	15,092	170,978
Total contributions	921,056	342,828	48,542	1,312,426
Investment earnings:				
Interest and dividends	40,314	10,334	-	50,648
Net appreciation of fair value of investments	1,114,638	379,748	5,283	1,499,669
Total investment earnings	1,154,952	390,082	5,283	1,550,317
Less: investment expense	(60,476)	(21,649)	-	(82,125)
Net investment earnings	1,094,476	368,433	5,283	1,468,192
Total additions	2,015,532	711,261	53,825	2,780,618
Deductions:				
Benefit payments	645,067	185,414	739	831,220
Administrative expense	21	-	50	71
Total deductions	645,088	185,414	789	831,291
Change in Plan Net Position	1,370,444	525,847	53,036	1,949,327
Net Position:				
Beginning of year	11,257,374	4,052,859	35,415	15,345,648
End of year	<u>\$ 12,627,818</u>	<u>\$ 4,578,706</u>	<u>\$ 88,451</u>	<u>\$ 17,294,975</u>