

# **West Manchester Township**

Financial Statements and  
Required Supplementary and  
Supplementary Information

Year Ended December 31, 2018 with  
Independent Auditor's Report



# WEST MANCHESTER TOWNSHIP

YEAR ENDED DECEMBER 31, 2018

## TABLE OF CONTENTS

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### **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, 2018

## TABLE OF CONTENTS

(Continued)

### Required Supplementary Information:

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	51
Notes to Required Supplementary Information - Budgetary Comparison Schedule	52
Schedule of Changes in the Police Plan's Net Pension Liability and Related Ratios	53
Schedule of Changes in the Non-Uniform Plan's Net Pension Liability and Related Ratios	54
Schedules of Township Contributions and Investment Returns	55
Notes to Required Supplementary Information – Pension Information	56
Schedules of Changes in the Total OPEB Liability	57
Notes to Required Supplementary Information – OPEB Information	58

### 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

## 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, 2018, 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 inflows of resources, liabilities, deferred outflows 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, 2018, 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, 2018, 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.

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, "*Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*," which requires the Township to record its other post-employment (OPEB) liability and related items on the government-wide and proprietary fund financial statements. Our opinion is not modified with respect to that matter.

### **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 requires 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 51 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  
July 22, 2019

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# WEST MANCHESTER TOWNSHIP

## STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 9,383,327	\$ 18,576,621	\$ 27,959,948
Accounts receivable	545,182	1,280,995	1,826,177
Due from other governments	-	470,913	470,913
Taxes receivable	964,679	-	964,679
Prepaid expenses	297,957	110,305	408,262
Capital assets not being depreciated	1,332,960	51,200	1,384,160
Capital assets, net of accumulated depreciation	8,487,399	6,795,688	15,283,087
<b>Total Assets</b>	<b>21,011,504</b>	<b>27,285,722</b>	<b>48,297,226</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions	3,171,786	105,314	3,277,100
Deferred outflows of resources - OPEB	303,687	17,520	321,207
<b>Total Deferred Outflows of Resources</b>	<b>3,475,473</b>	<b>122,834</b>	<b>3,598,307</b>
<b>Liabilities</b>			
Internal balances	(339,152)	339,152	-
Accounts payable	522	6,821	7,343
Accrued salaries and benefits	90,257	7,889	98,146
Due to other governments	-	185,903	185,903
Deposits	696,203	-	696,203
Unearned revenue	280,902	491,400	772,302
Other liabilities	199,034	-	199,034
Noncurrent liabilities:			
Due within one year	123,683	4,769	128,452
Due in more than one year	374,092	-	374,092
Net pension liability	6,075,619	176,968	6,252,587
Total OPEB liability	406,136	23,431	429,567
<b>Total Liabilities</b>	<b>7,907,296</b>	<b>1,236,333</b>	<b>9,143,629</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	621,595	38,495	660,090
Deferred inflows of resources - OPEB	326,305	18,825	345,130
<b>Total Deferred Inflows of Resources</b>	<b>947,900</b>	<b>57,320</b>	<b>1,005,220</b>
<b>Net Position</b>			
Net investment in capital assets	9,820,359	6,846,888	16,667,247
Restricted for:			
Sewer projects	550,934	-	550,934
Public works	404,369	-	404,369
Unrestricted	4,856,119	19,268,015	24,124,134
<b>Total Net Position</b>	<b>\$ 15,631,781</b>	<b>\$ 26,114,903</b>	<b>\$ 41,746,684</b>

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

# WEST MANCHESTER TOWNSHIP

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 1,020,348	\$ 694,589	\$ 7,300	\$ -	\$ (318,459)	\$ -
Public safety	4,847,523	707,919	77,078	-	(4,062,526)	-
Public works	1,758,729	138,230	677,091	-	(943,408)	-
Culture recreation	409,059	33,175	-	-	(375,884)	-
Stormwater management	200,133	-	-	-	(200,133)	-
Other	3,089,831	-	-	-	(3,089,831)	-
<b>Total governmental activities</b>	<b>11,325,623</b>	<b>1,573,913</b>	<b>761,469</b>	<b>-</b>	<b>(8,990,241)</b>	<b>-</b>
<b>Business-type activities:</b>						
Sewer	4,934,916	6,875,049	-	-	-	1,940,133
Garbage	1,348,268	1,408,222	70,113	-	-	130,067
<b>Total business-type activities</b>	<b>6,283,184</b>	<b>8,283,271</b>	<b>70,113</b>	<b>-</b>	<b>-</b>	<b>2,070,200</b>
<b>Total Primary Government</b>	<b>\$ 17,608,807</b>	<b>\$ 9,857,184</b>	<b>\$ 831,582</b>	<b>\$ -</b>	<b>(8,990,241)</b>	<b>(6,920,041)</b>
<b>General revenues:</b>						
Taxes					7,421,730	-
Intergovernmental revenue and contributions not restricted to a specific purpose					637,837	637,837
Investment earnings					150,644	308,327
Total general revenues					8,210,211	8,367,894
<b>Change in Net Position</b>					<b>(780,030)</b>	<b>1,447,853</b>
<b>Net Position:</b>						
Beginning of year - restated					16,411,811	40,298,831
End of year					<b>\$ 15,631,781</b>	<b>\$ 41,746,684</b>

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

# WEST MANCHESTER TOWNSHIP

## BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,436,588	\$ 5,567,557	\$ 379,182	\$ 9,383,327
Accounts receivable	545,182	-	-	545,182
Taxes receivable	964,679	-	-	964,679
Due from other funds	611,458	-	41,006	652,464
Prepaid expenditures	297,957	-	-	297,957
<b>Total Assets</b>	<b>\$ 5,855,864</b>	<b>\$ 5,567,557</b>	<b>\$ 420,188</b>	<b>\$ 11,843,609</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ 522	\$ -	\$ -	\$ 522
Due to other funds	41,006	256,487	15,819	313,312
Accrued salaries and benefits	90,257	-	-	90,257
Deposits	550,884	145,319	-	696,203
Other liabilities	199,034	-	-	199,034
<b>Total Liabilities</b>	<b>881,703</b>	<b>401,806</b>	<b>15,819</b>	<b>1,299,328</b>
Deferred Inflows of Resources:				
Unavailable revenue - other	324,543	-	-	324,543
Unavailable revenue - taxes	260,037	-	-	260,037
<b>Total Deferred Inflows of Resources</b>	<b>584,580</b>	<b>-</b>	<b>-</b>	<b>584,580</b>
Fund Balance:				
Nonspendable	297,957	-	-	297,957
Restricted for:				
Sewer projects	-	550,934	-	550,934
Public works	-	-	404,369	404,369
Assigned for:				
Capital projects	-	4,614,817	-	4,614,817
Unassigned	4,091,624	-	-	4,091,624
<b>Total Fund Balance</b>	<b>4,389,581</b>	<b>5,165,751</b>	<b>404,369</b>	<b>9,959,701</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 5,855,864</b>	<b>\$ 5,567,557</b>	<b>\$ 420,188</b>	<b>\$ 11,843,609</b>

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, 2018**

**Total Fund Balance - Governmental Funds** \$ 9,959,701

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. 584,580

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. (280,902)

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 \$18,422,254 and the accumulated depreciation is \$8,601,895. 9,820,359

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	\$ (497,775)	
Net pension liability, net of related deferred outflows and inflows of resources	(3,525,428)	
Total OPEB liability, net of related deferred outflows and inflows of resources	<u>(428,754)</u>	<u>(4,451,957)</u>

**Total Net Position - Governmental Activities** \$ 15,631,781

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, 2018

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 7,023,220	\$ -	\$ 74,983	\$ 7,098,203
Licenses and permits	349,520	-	-	349,520
Fines and forfeits	172,101	-	-	172,101
Investment earnings	63,508	78,603	8,533	150,644
Intergovernmental revenues	726,388	-	677,091	1,403,479
Charges for services	283,660	109,669	-	393,329
Other	375,116	280,146	-	655,262
Total revenues	<u>8,993,513</u>	<u>468,418</u>	<u>760,607</u>	<u>10,222,538</u>
<b>Expenditures:</b>				
Current:				
General government	738,378	64,863	-	803,241
Public safety	3,850,203	47,919	-	3,898,122
Public works	294,526	579,667	514,612	1,388,805
Culture recreation	312,177	26,363	-	338,540
Stormwater management	200,133	-	-	200,133
Other	3,089,697	134	-	3,089,831
Capital outlay	-	801,435	-	801,435
Total expenditures	<u>8,485,114</u>	<u>1,520,381</u>	<u>514,612</u>	<u>10,520,107</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>508,399</u>	<u>(1,051,963)</u>	<u>245,995</u>	<u>(297,569)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	80,388	39,013	-	119,401
Transfers out	(39,013)	(80,388)	-	(119,401)
Total other financing sources (uses)	<u>41,375</u>	<u>(41,375)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	549,774	(1,093,338)	245,995	(297,569)
<b>Fund Balance:</b>				
Beginning of year	<u>3,839,807</u>	<u>6,259,089</u>	<u>158,374</u>	<u>10,257,270</u>
End of year	<u>\$ 4,389,581</u>	<u>\$5,165,751</u>	<u>\$ 404,369</u>	<u>\$ 9,959,701</u>

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, 2018

**Total Net Change in Fund Balances - Governmental Funds** \$ (297,569)

Amounts reported for governmental activities in the Statement of Activities are different because:

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.

Depreciation expense	\$ (714,121)	
Capital outlays	<u>801,435</u>	87,314

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 302,322

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. 20,733

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:

Change in compensated absences	(84,176)	
Change in net pension liability, net of related deferred outflows and inflows of resources	(772,775)	
Change in total OPEB liability, net of related deferred outflows and inflows of resources	<u>(35,879)</u>	(892,830)

**Total Change in Net Position - Governmental Activities** \$ (780,030)

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

**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2018**

<b>Assets</b>	Sewer Fund	Garbage Fund	Total
Current assets:			
Cash and cash equivalents	\$ 16,760,680	\$ 1,815,941	\$ 18,576,621
Accounts receivable	1,201,179	79,816	1,280,995
Due from other funds	95,910	-	95,910
Due from other governments	470,913	-	470,913
Prepaid expenses	110,305	-	110,305
<b>Total current assets</b>	<b>18,638,987</b>	<b>1,895,757</b>	<b>20,534,744</b>
Noncurrent assets:			
Capital assets not being depreciated	51,200	-	51,200
Capital assets, net of accumulated depreciation	6,770,889	24,799	6,795,688
<b>Total noncurrent assets</b>	<b>6,822,089</b>	<b>24,799</b>	<b>6,846,888</b>
<b>Total Assets</b>	<b>25,461,076</b>	<b>1,920,556</b>	<b>27,381,632</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions	105,314	-	105,314
Deferred outflows of resources - OPEB	17,520	-	17,520
<b>Total Deferred Outflows of Resources</b>	<b>122,834</b>	<b>-</b>	<b>122,834</b>

(Continued)



	Sewer Fund	Garbage Fund	Total
<b>Liabilities</b>			
Current liabilities:			
Due to other funds	67,482	367,580	435,062
Due to other governments	185,903	-	185,903
Accounts payable	6,773	48	6,821
Accrued salaries and benefits	6,467	1,422	7,889
Unearned revenue	491,400	-	491,400
Accrued compensated absences	4,769	-	4,769
Total current liabilities	762,794	369,050	1,131,844
Noncurrent liabilities:			
Total OPEB liability	23,431	-	23,431
Net pension liability	176,968	-	176,968
Total noncurrent liabilities	200,399	-	200,399
<b>Total Liabilities</b>	963,193	369,050	1,332,243
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	38,495	-	38,495
Deferred inflows of resources - OPEB	18,825	-	18,825
<b>Total Deferred Inflows of Resources</b>	57,320	-	57,320
<b>Net Position</b>			
Net investment in capital assets	6,822,089	24,799	6,846,888
Unrestricted	17,741,308	1,526,707	19,268,015
<b>Total Net Position</b>	<u>\$ 24,563,397</u>	<u>\$ 1,551,506</u>	<u>\$ 26,114,903</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, 2018

	Sewer Fund	Garbage Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 6,875,049	\$ 1,408,222	\$ 8,283,271
Total operating revenues	6,875,049	1,408,222	8,283,271
<b>Operating Expenses:</b>			
Personnel services	365,912	45,516	411,428
Lease expenses	1,340,282	-	1,340,282
Operation and administration	2,693,510	1,299,517	3,993,027
Total operating expenses	4,399,704	1,345,033	5,744,737
Operating income before depreciation	2,475,345	63,189	2,538,534
Depreciation	535,212	3,235	538,447
Operating Income	1,940,133	59,954	2,000,087
<b>Nonoperating Revenues:</b>			
Investment earnings	146,341	11,342	157,683
Intergovernmental grants	-	70,113	70,113
Total nonoperating revenues	146,341	81,455	227,796
<b>Change in Net Position</b>	2,086,474	141,409	2,227,883
<b>Net Position:</b>			
Beginning of year - restated	22,476,923	1,410,097	23,887,020
End of year	\$ 24,563,397	\$ 1,551,506	\$ 26,114,903

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

**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	Sewer Fund	Garbage Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Cash received from users	\$ 6,889,604	\$ 1,426,502	\$ 8,316,106
Cash payments to employees for service	(356,414)	(44,941)	(401,355)
Cash payments to suppliers for goods and services	(3,866,146)	(931,202)	(4,797,348)
Net cash provided by operating activities	2,667,044	450,359	3,117,403
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Intergovernmental grants	-	70,113	70,113
Net cash provided by non-capital financing activities	-	70,113	70,113
<b>Cash Flows From Investing Activities:</b>			
Earnings on investments	146,341	11,342	157,683
Net cash provided by investing activities	146,341	11,342	157,683
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,813,385</b>	<b>531,814</b>	<b>3,345,199</b>
<b>Cash and Cash Equivalents:</b>			
Beginning of year	13,947,295	1,284,127	15,231,422
End of year	\$ 16,760,680	\$ 1,815,941	\$ 18,576,621
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 1,940,133	\$ 59,954	\$ 2,000,087
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	535,212	3,235	538,447
Amortization of deferred outflows and inflows of resources	32,766	-	32,766
(Increase) decrease in:			
Accounts receivable	(52,927)	18,280	(34,647)
Due from other governments	30,772	-	30,772
Prepaid expenses	1,104	369	1,473
Deferred outflows of resources - pensions	(49,651)	-	(49,651)
Deferred outflows of resources - OPEB	(18,980)	-	(18,980)
Increase (decrease) in:			
Accounts payable	(16,148)	-	(16,148)
Accrued salary and benefits	855	575	1,430
Accrued compensated absences	507	-	507
Due to other funds	67,482	-	67,482
Due to other governments	165,034	367,946	532,980
Total OPEB liability	(13,116)	-	(13,116)
Net pension liability	16,995	-	16,995
Deferred inflows of resources - pensions	6,612	-	6,612
Deferred inflows of resources - OPEB	20,394	-	20,394
Total adjustments	726,911	390,405	1,117,316
Net cash provided by operating activities	\$ 2,667,044	\$ 450,359	\$ 3,117,403

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

# WEST MANCHESTER TOWNSHIP

## STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS

DECEMBER 31, 2018

<b>Assets</b>	
Investments	\$ 12,878,590
Accounts receivable	280
Due from other funds	<u>175</u>
<b>Total Assets</b>	<u>12,879,045</u>
<b>Liabilities</b>	
Due to other funds	<u>1,075</u>
<b>Net Position</b>	
Restricted for pension benefits	<u><u>\$ 12,877,970</u></u>

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, 2018

### Additions:

#### Contributions:

Employer	\$ 746,831
Employee	<u>157,743</u>

Total contributions	<u>904,574</u>
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#### Investment earnings (loss):

Interest and dividends	97,863
Net depreciation of fair value of investments	<u>(665,051)</u>

Total investment earnings (loss)	(567,188)
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Less: investment expenses	<u>(73,288)</u>
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Net investment earnings (loss)	<u>(640,476)</u>
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Total additions	<u>264,098</u>
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### Deductions:

Benefit payments	568,037
Administrative expense	<u>10,377</u>

Total deductions	<u>578,414</u>
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Change in Plan Net Position	(314,316)
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### Net Position:

Beginning of year	<u>13,192,286</u>
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End of year	<u>\$ 12,877,970</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, 2018

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### 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, 2018, the Township paid the Authority \$94,539 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.

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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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, 2018

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### 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, 2018

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### 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** - The special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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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 - 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.

### 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

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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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, 2018

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### 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 2017. 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, 2018

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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, 2018 was \$154,638 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.

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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**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, 2018

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### 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 2018. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

### Adoption of Governmental Accounting Standards Board (GASB) Statement and Restatements of Net Position

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," was adopted for the year ended December 31, 2018 by the Township. As a result of adopting Statement No. 75, the net position of the governmental activities, business-type activities, and a major proprietary fund was restated.

	Governmental Activities	Business-type Activities
Net position at January 1, 2018 - as originally stated	\$ 16,584,843	\$ 23,911,743
Remove OPEB liability at January 1, 2018	219,843	11,824
Record total OPEB liability at January 1, 2018	<u>(392,875)</u>	<u>(36,547)</u>
Net position at January 1, 2018 - restated	<u>\$ 16,411,811</u>	<u>\$ 23,887,020</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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	Sewer Fund
	<hr/>
Net position at January 1, 2018 - as originally stated	\$ 22,501,646
Remove OPEB liability at January 1, 2018	11,824
Record total OPEB liability at January 1, 2018	<hr/> (36,547)
Net position at January 1, 2018 - restated	<hr/> <u>\$ 22,476,923</u>

### Pending Pronouncements

In November of 2016, the GASB issued Statement No. 83, "*Certain Asset Retirement Obligations*." This Statement provides financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of GASB Statement No. 83 are effective for the Township's December 31, 2019 financial statements.

In January of 2017, the GASB issued Statement No. 84, "*Fiduciary Activities*." This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of GASB Statement No. 84 are effective for the Township's December 31, 2019 financial statements.

In June of 2017, the GASB issued Statement No. 87, "*Leases*." This Statement improves the accounting and financial reporting for leases. The provisions of GASB Statement No. 87 are effective for the Township's December 31, 2020 financial statements.

The effect of implementation of these Statements has not yet been determined.



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### 3. Deposits and Investments

#### Deposits

As of December 31, 2018, the Township's book balances were as follows:

	Carrying Amount
Cash and cash equivalents:	
Governmental activities	\$ 9,383,327
Business-type activities	<u>18,576,621</u>
Total cash and cash equivalents	<u><u>\$ 27,959,948</u></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, 2018, the Township's book balance was \$27,959,948 and the bank balance was \$28,508,729. Of the bank balance, \$11,795,635 was covered by federal depository insurance and \$12,144,420 was collateralized under Act No. 72 (Act) of the 1971 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. The remaining bank balance of \$4,568,674 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](http://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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The Township has \$4,255,580 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 \$313,094 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. At December 31, 2018, PLGIT carried a AAA rating and had an average maturity of less than one year.

### Investments

Investments of the Township at December 31, 2018 were as follows:

	<u>Level</u>	
Investments at fair value:		
Equity mutual funds:		
International	1	\$ 889,998
Large Cap	1	2,730,098
Mid Cap	1	474,753
Small Cap	1	231,939
Real estate investment trust	1	261,186
Fixed income mutual funds:		
Intermediate bond - taxable	1	2,990,386
Common Trust Fund - fixed	3	<u>2,110,949</u>
Total investments at fair value		<u>9,689,309</u>
Investments measured at the net asset value (NAV):		
Common Trust Fund - balanced		<u>3,189,281</u>
Total investments at NAV		<u>3,189,281</u>
Total investments		<u>\$ 12,878,590</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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 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, 2018, 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, 2018:

	Rating	Fair Value
Common Trust Fund - balanced	Unrated	\$ 3,189,281
Common Trust Fund - fixed	A	2,110,949
Fixed income mutual funds	AAA	686,699
Fixed income mutual funds	A	1,279,648
Fixed income mutual funds	B	1,024,039

*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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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.

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

	Fair Value	Investment Maturities		
		2019	2020-2024	2025-2029
Fixed income mutual funds	\$ 2,990,386	\$ -	\$ 1,024,039	\$ 1,966,347

#### 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, 2018 were \$1.48 million. During the year ended December 31, 2018, the Township paid the City approximately \$1.48 million for 2018 and 2017 flow and treatment costs. At December 31, 2018, approximately \$471,000 is due from the City for overpayment of flow and treatment costs and is recorded in the Sewer Fund as due from other governments.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### 5. Interfund Balances and Transfers

The composition of interfund balances at December 31, 2018 is as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 611,458	\$ 41,006
Capital Projects Fund	-	256,487
Non-Major Funds	41,006	15,819
Enterprise Funds:		
Sewer Fund	95,910	67,482
Garbage Fund	-	367,580
Total	<u>\$ 748,374</u>	<u>\$ 748,374</u>

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

The composition of interfund transfers for the year ended December 31, 2018 is as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 80,388	\$ 39,013
Capital Projects Fund	39,013	80,388
Total	<u>\$ 119,401</u>	<u>\$ 119,401</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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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### 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 2018 is as follows:

February 15, 2018	-	tax levy date
Through April 18, 2018	-	2% discount period
Through June 15, 2018	-	face payment period
Beginning June 16, 2018	-	10% penalty period
January 09, 2019	-	lien filing date

The Township's tax rate for general purposes for 2018 was 1.0 mills.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### 7. Capital Assets

Capital asset activity for the year ended December 31, 2018 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	6,183,671	17,277	-	6,200,948
Infrastructure	3,029,969	-	-	3,029,969
Traffic signals	1,389,945	-	-	1,389,945
Vehicles	4,203,545	530,877	-	4,734,422
Machinery and equipment	1,480,729	253,281	-	1,734,010
Total capital assets, being depreciated	16,287,859	801,435	-	17,089,294
Less accumulated depreciation for:				
Buildings and building improvements	(2,812,839)	(162,627)	-	(2,975,466)
Infrastructure	(928,807)	(151,498)	-	(1,080,305)
Traffic signals	(1,251,531)	(32,919)	-	(1,284,450)
Vehicles	(2,145,033)	(247,994)	-	(2,393,027)
Machinery and equipment	(749,564)	(119,083)	-	(868,647)
Total accumulated depreciation	(7,887,774)	(714,121)	-	(8,601,895)
Total capital assets, being depreciated, net	8,400,085	87,314	-	8,487,399
Governmental activities, capital assets, net	\$ 9,733,045	\$ 87,314	\$ -	\$ 9,820,359

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

	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	-	-	523,336
Equipment	278,891	-	-	278,891
Total capital assets, being depreciated	35,788,014	-	-	35,788,014
Less accumulated depreciation for:				
Sewer lines	(28,047,303)	(495,915)	-	(28,543,218)
Vehicles	(234,099)	(24,139)	-	(258,238)
Equipment	(172,477)	(18,393)	-	(190,870)
Total accumulated depreciation	(28,453,879)	(538,447)	-	(28,992,326)
Total capital assets, being depreciated, net	7,334,135	(538,447)	-	6,795,688
Business-type activities, capital assets, net	\$ 7,385,335	\$ (538,447)	\$ -	\$ 6,846,888

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 120,970
Public safety	239,918
Public works	307,709
Culture recreation	45,524
Total depreciation expense - governmental activities	\$ 714,121
Business-type activities:	
Sewer	\$ 535,212
Garbage	3,235
Total depreciation expense - business-type activities	\$ 538,447



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### 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, 2018 for non-uniform employees and police officers amounted to \$38,143 and \$464,401, respectively.

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 413,599	\$ 410,565	\$ (326,389)	\$ 497,775	\$ 123,683
Governmental activities long-term liabilities	<u>\$ 413,599</u>	<u>\$ 410,565</u>	<u>\$ (326,389)</u>	<u>\$ 497,775</u>	<u>\$ 123,683</u>
Business-type activities:					
Compensated absences	\$ 4,262	\$ 6,596	\$ (6,089)	\$ 4,769	\$ 4,769
Business-type activities long-term liabilities	<u>\$ 4,262</u>	<u>\$ 6,596</u>	<u>\$ (6,089)</u>	<u>\$ 4,769</u>	<u>\$ 4,769</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, 2018

### Plan Membership

At December 31, 2018, Plan memberships consisted of the following:

	Police	Non-Uniform
Active plan members	27	22
Inactive members or beneficiaries currently receiving benefits	13	7
Inactive members entitled to, but not yet receiving benefits	1	5
DROP Participants	2	N/A
Total plan members	43	34

### 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, 2018

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### 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 \$497,781 and \$241,221 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, 2018, there were two employees participating in the DROP Plan. The value of the assets in the DROP at December 31, 2018 was \$175,639.

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### Changes in Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2018 were as follows:

#### Police

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	\$ 13,715,873	\$ 9,852,977	\$ 3,862,896
Changes for the year:			
Service cost	436,018	-	436,018
Interest	828,913	-	828,913
Differences between expected and actual experience	9,877	-	9,877
Contributions - employer	-	497,781	(497,781)
Contributions - employee	-	129,015	(129,015)
Net investment loss	-	(472,230)	472,230
Benefit payments, including refunds	(435,641)	(435,641)	-
Administrative expense	-	(4,939)	4,939
Net changes	839,167	(286,014)	1,125,181
Balances at December 31, 2018	\$ 14,555,040	\$ 9,566,963	\$ 4,988,077
Plan fiduciary net position as a percentage of the total pension liability			65.7%

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### Non-Uniform

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	\$ 4,279,016	\$ 3,338,001	\$ 941,015
Changes for the year:			
Service cost	208,491	-	208,491
Interest	265,585	-	265,585
Differences between expected and actual experience	(61,044)	-	(61,044)
Contributions - employer	-	241,221	(241,221)
Contributions - employee	-	21,725	(21,725)
Net investment loss	-	(167,971)	167,971
Benefit payments, including refunds	(131,496)	(131,496)	-
Administrative expense	-	(5,438)	5,438
Net changes	281,536	(41,959)	323,495
Balances at December 31, 2018	\$ 4,560,552	\$ 3,296,042	\$ 1,264,510
Plan fiduciary net position as a percentage of the total pension liability			72.3%

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 \$1,087,542 and \$176,968, respectively, at December 31, 2018.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

*Actuarial Assumptions* - The net pension liability was determined as part of an actuarial valuation as of January 1, 2017 and rolled forward to the reporting date of December 31, 2018. This report was based upon the following significant actuarial assumptions:

Actuarial Cost Method	Police	Non-Uniform
	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	6.5% *	6.5% *
Inflation rate	2.50%	2.50%
Salary increases	4.50%	4.50%
Mortality:		
Pre-retirement mortality	RP-2006 Blue Collar	RP-2006 Blue Collar
Post-retirement mortality	RP-2006 Blue Collar	RP-2006 Blue Collar

For calculation of the net pension liability, the investment rate of return was lowered from 6.50% to 6.00%. Given the Plans' annual investment expense is approximately .5% of the beginning fair value, the 6.00% discount rate net of investment expense equates to an assumed 6.5% valuation assumption.

*Changes in Assumption* – Effective for the January 1, 2017 actuarial valuation, the Plans' investment rate of return was decreased from 7.00% to 6.50%, the Plans' salary scale assumption was lowered 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.

*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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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 regards 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.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Rate of Return
	Police	Non-Uniform	
Domestic Equities	42.3%	42.1%	4.83-7.00%
International Equities	9.3%	9.3%	6.50-8.25%
Fixed Income	31.1%	31.1%	2.80-5.00%
Stable Value	15.3%	15.2%	3.10%
Real Estate	2.0%	2.3%	6.50%
	100%	100%	

*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, 2018, the annual money-weighted rates of return on plan investments, net of investment expense, were -4.90% and -5.03% 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, 2018

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*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>\$ 7,036,862</u>	<u>\$ 4,988,077</u>	<u>\$ 3,304,696</u>
	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Non-Uniform Plan	<u>\$ 1,818,460</u>	<u>\$ 1,264,510</u>	<u>\$ 797,865</u>



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

For the year ended December 31, 2018, the Township recognized pension expense of \$1,511,081 in the governmental activities and \$6,831 in the business-type activities. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-Type Activities
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 22,188	\$ -
Net difference between projected and actual earnings on pension plan investments	932,098	35,427
Changes in assumptions	<u>2,217,500</u>	<u>69,887</u>
Total deferred outflows of resources	<u>\$ 3,171,786</u>	<u>\$ 105,314</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 621,595	\$ 38,495
Total deferred inflows of resources	<u>\$ 621,595</u>	<u>\$ 38,495</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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:

	Governmental Activities	Business-Type Activities
<u>Year Ending December 31,</u>		
2019	\$ 680,804	\$ 22,877
2020	447,022	14,307
2021	436,502	13,882
2022	557,981	15,922
2023	248,038	(169)
Thereafter	179,844	-
	<u>\$ 2,550,191</u>	<u>\$ 66,819</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, 2018, there were three 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, 2018, the participants and the Township made contributions of \$7,003 and \$7,829, respectively.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### Pension Financial Statements

Financial statements for the individual pension plans are presented below:

#### **Statement of Fiduciary Net Position December 31, 2018**

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Assets:			
Investments	\$ 9,567,308	\$ 3,296,317	\$ 14,965
Accounts receivable	280	-	-
Due from other funds	-	175	-
Total Assets	9,567,588	3,296,492	14,965
Liabilities:			
Due to other funds	625	450	-
Total Liabilities	625	450	-
Net position restricted for pension benefits	\$ 9,566,963	\$ 3,296,042	\$ 14,965

#### **Statement of Changes in Fiduciary Net Position Year Ended December 31, 2018**

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Additions:			
Contributions:			
Employer	\$ 497,781	\$ 241,221	\$ 7,829
Employee	129,015	21,725	7,003
Total contributions	626,796	262,946	14,832
Investment earnings (loss):			
Interest and dividends	72,940	24,923	-
Net depreciation in fair value of investments	(490,414)	(174,362)	(275)
Total investment earnings (loss)	(417,474)	(149,439)	(275)
Less: investment expense	(54,756)	(18,532)	-
Net investment earnings (loss)	(472,230)	(167,971)	(275)
Total additions	154,566	94,975	14,557
Deductions:			
Benefit payments	435,641	131,496	900
Administrative expense	4,939	5,438	-
Total deductions	440,580	136,934	900
Change in plan net position	(286,014)	(41,959)	13,657
Net position:			
Beginning of year	9,852,977	3,338,001	1,308
End of year	\$ 9,566,963	\$ 3,296,042	\$ 14,965

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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### 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.

#### Non-Uniform Employees

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

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

For 2015 through 2018, 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, 2018

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### Contributions

The Township's contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2018, 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, 2018, the latest actuarial valuation, the OPEB plan membership was as follows:

Active plan members	52
Inactive members or beneficiaries currently receiving benefits	-
Inactive members entitled to, but not yet receiving benefits	-
Total	<u>52</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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### Changes in Total OPEB Liability

The changes in total OPEB liability of the Township for the year ended December 31, 2018 were as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 17,888
Interest	17,177
Differences between expected and actual experience	347,974
Changes of assumptions or other inputs	(373,891)
Benefit payments	<u>(9,003)</u>
Net changes	145
Total OPEB liability at December 31, 2017 (based on a measurement date of December 31, 2016)	<u>429,422</u>
Total OPEB liability at December 31, 2018 (based on a measurement date of December 31, 2017)	<u>\$ 429,567</u>

The total OPEB liability is allocated between the governmental activities and business-type activities in the amounts of \$406,136 and \$23,431, respectively, at December 31, 2018.

### 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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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The total OPEB liability was measured as of December 31, 2017 and was determined by an actuarial valuation performed on January 1, 2018, using the following actuarial assumptions, applied to all periods in the measurement:

Valuation date	1/1/2018
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Interest rate	3.56%
Inflation rate	3.00%
Healthcare cost trend rates	7.00% in 2019; 6.75% in 2020; 6.50% in 2021; 6.25% in 2022; 6.00% in 2023; 5.50% in 2024; 5.00% in 2025; and 4.50% in 2026 and later
Mortality	RPH-2014 Total Dataset Mortality Table projected using Scale MP-2017
Salary increases	2.50%

### Changes in Actuarial Assumptions

The interest rate changed from 4.00% to 3.56% in the January 1, 2018 actuarial valuation. 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.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. 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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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### 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:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 442,939	\$ 429,567	\$ 406,740

### 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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 387,700	\$ 429,567	\$ 477,883

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

For the year ended December 31, 2018, the Township recognized OPEB expense of \$35,879 in the governmental activities and (\$11,811) in the business-type activities.



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

At December 31, 2018, 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
Deferred Outflows of Resources:		
Differences between expected and actual experience	\$ 303,687	\$ 17,520
Total Deferred Outflows of Resources	<u>\$ 303,687</u>	<u>\$ 17,520</u>
Deferred Inflows of Resources:		
Changes of assumptions or other inputs	\$ 326,305	\$ 18,825
Total Deferred Inflows of Resources	<u>\$ 326,305</u>	<u>\$ 18,825</u>

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:

Year ending December 31,	Governmental Activities	Business-type Activities
2019	\$ (1,885)	\$ (109)
2020	(1,885)	(109)
2021	(1,885)	(109)
2022	(1,885)	(109)
2023	(1,885)	(109)
Thereafter	(13,193)	(760)
	<u>\$ (22,618)</u>	<u>\$ (1,305)</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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### 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:

2019	\$	789,265
2020		790,445
2021		794,634
2022		787,907
2023		788,015
2024-2028		<u>4,542,861</u>
	\$	<u><u>8,493,127</u></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.

### 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

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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Trust may assess, on a proportionate basis, all members of the Trust additional premiums. The Township paid premiums of \$141,532 during the year ended December 31, 2018.

### 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, 2018 and 2017, the Township paid approximately \$15,000 and \$8,000, 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.

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 over 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:

	2018	2017
Township funding	\$ 1,323,619	\$ 1,170,263
Claims paid	(1,305,883)	(1,492,625)
Reinsurance reimbursements	402,762	436,425
Anticipated cross recovery	(14,999)	(8,177)
Available for benefits	<u>\$ 405,499</u>	<u>\$ 105,886</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

# WEST MANCHESTER TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,873,914	\$ 6,873,914	\$ 7,023,220	\$ 149,306
Licenses and permits	336,800	336,800	349,520	12,720
Fines and forfeits	120,000	120,000	172,101	52,101
Investment earnings	18,000	18,000	63,508	45,508
Intergovernmental revenues	629,970	629,970	726,388	96,418
Charges for services	234,620	234,620	283,660	49,040
Other	201,237	201,237	375,116	173,879
Total revenues	<u>8,414,541</u>	<u>8,414,541</u>	<u>8,993,513</u>	<u>578,972</u>
<b>Expenditures:</b>				
General government	656,933	701,033	738,378	(37,345)
Public safety	3,899,857	3,833,632	3,850,203	(16,571)
Public works	359,624	299,949	294,526	5,423
Culture recreation	336,042	315,867	312,177	3,690
Stormwater management	210,020	200,570	200,133	437
Other	2,922,163	3,033,588	3,089,697	(56,109)
Total expenditures	<u>8,384,639</u>	<u>8,384,639</u>	<u>8,485,114</u>	<u>(100,475)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>29,902</u>	<u>29,902</u>	<u>508,399</u>	<u>478,497</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,600	3,600	80,388	76,788
Transfers out	(39,013)	(39,013)	(39,013)	-
Total other financing sources (uses)	<u>(35,413)</u>	<u>(35,413)</u>	<u>41,375</u>	<u>76,788</u>
<b>Net Change in Fund Balance</b>	<u>\$ (5,511)</u>	<u>\$ (5,511)</u>	<u>549,774</u>	<u>\$ 555,285</u>
<b>Fund Balance:</b>				
Beginning of year			<u>3,839,807</u>	
End of year			<u>\$ 4,389,581</u>	

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2018

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### 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, 2018 was formally adopted in December 2017 at a duly advertised public meeting.

### 2. Stewardship, Compliance, and Accountability

#### *Excess of Expenditures over Appropriations*

	<u>Appropriations</u>	<u>Expenditures</u>
General government	\$ 701,033	\$ 738,378
Public safety	3,833,632	3,850,203
Other	3,033,588	3,089,697

Funds sufficient to provide for the excess disbursements were made available from excess revenues.

# WEST MANCHESTER TOWNSHIP

## SCHEDULE OF CHANGES IN THE POLICE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

	2018*	2017	2016	2015	2014
<b>Total Pension Liability:</b>					
Service cost	\$ 436,018	\$ 389,981	\$ 411,247	\$ 229,472	\$ 228,851
Interest	828,913	791,593	765,727	739,253	700,786
Changes in assumptions	-	1,060,564	-	1,718,695	-
Differences between expected and actual experience	9,877	(132,751)	(426,736)	23,567	(325,169)
Benefit payments, including refunds	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
<b>Net Changes in Total Pension Liability</b>	<b>839,167</b>	<b>1,771,276</b>	<b>432,592</b>	<b>2,378,922</b>	<b>373,256</b>
<b>Total Pension Liability - Beginning</b>	<b>13,715,873</b>	<b>11,944,597</b>	<b>11,512,005</b>	<b>9,133,083</b>	<b>8,759,827</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 14,555,040</b>	<b>\$ 13,715,873</b>	<b>\$ 11,944,597</b>	<b>\$ 11,512,005</b>	<b>\$ 9,133,083</b>
<b>Plan Fiduciary Net Position:</b>					
Contributions - employer	\$ 497,781	\$ 515,086	\$ 348,540	\$ 309,540	\$ 229,180
Contributions - member	129,015	121,859	128,707	131,629	115,866
Net investment income (loss)	(472,230)	1,095,816	466,064	(264,718)	257,289
Benefit payments, including refunds	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
Administrative expense	(4,939)	(6,496)	(1,012)	(8,909)	(38,304)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(286,014)</b>	<b>1,388,154</b>	<b>624,653</b>	<b>(164,523)</b>	<b>332,819</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>9,852,977</b>	<b>8,464,823</b>	<b>7,840,170</b>	<b>8,004,693</b>	<b>7,671,974</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 9,566,963</b>	<b>\$ 9,852,977</b>	<b>\$ 8,464,823</b>	<b>\$ 7,840,170</b>	<b>\$ 8,004,793</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 4,988,077</b>	<b>\$ 3,862,896</b>	<b>\$ 3,479,774</b>	<b>\$ 3,671,835</b>	<b>\$ 1,128,290</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>65.73%</b>	<b>71.84%</b>	<b>70.87%</b>	<b>68.10%</b>	<b>87.65%</b>
<b>Covered Payroll</b>	<b>\$ 2,643,749</b>	<b>\$ 2,350,886</b>	<b>\$ 2,370,449</b>	<b>\$ 2,624,711</b>	<b>\$ 2,368,350</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>188.67%</b>	<b>164.32%</b>	<b>146.80%</b>	<b>139.89%</b>	<b>47.64%</b>

\* 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

	2018 *	2017	2016	2015	2014
<b>Total Pension Liability:</b>					
Service cost	\$ 208,491	\$ 209,749	\$ 199,462	\$ 129,761	\$ 124,541
Interest	265,585	248,871	240,607	242,916	236,551
Changes in assumptions	-	395,080	-	484,582	-
Differences between expected and actual experience	(61,044)	(132,436)	(170,129)	(71,086)	(100,124)
Benefit payments, including refunds	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
<b>Net Changes in Total Pension Liability</b>	281,536	608,887	32,826	685,536	(5,117)
<b>Total Pension Liability - Beginning</b>	4,279,016	3,670,129	3,637,303	2,951,767	2,956,884
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 4,560,552</u>	<u>\$ 4,279,016</u>	<u>\$ 3,670,129</u>	<u>\$ 3,637,303</u>	<u>\$ 2,951,767</u>
<b>Plan Fiduciary Net Position:</b>					
Contributions - employer	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,075	\$ 143,218
Contributions - employee	21,725	23,281	23,310	16,383	31,290
Net investment income (loss)	(167,971)	365,807	153,558	(88,850)	91,848
Benefit payments, including refunds	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
Administrative expense	(5,438)	(3,881)	(4,297)	(9,735)	(11,285)
<b>Net Change in Plan Fiduciary Net Position</b>	(41,959)	514,300	116,694	(13,764)	(11,014)
<b>Plan Fiduciary Net Position - Beginning</b>	3,338,001	2,823,701	2,707,007	2,720,771	2,731,785
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 3,296,042</u>	<u>\$ 3,338,001</u>	<u>\$ 2,823,701</u>	<u>\$ 2,707,007</u>	<u>\$ 2,720,771</u>
<b>Net Pension Liability - Ending (a-b)</b>	<u>\$ 1,264,510</u>	<u>\$ 941,015</u>	<u>\$ 846,428</u>	<u>\$ 930,296</u>	<u>\$ 230,996</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>72.27%</u>	<u>78.01%</u>	<u>76.94%</u>	<u>74.42%</u>	<u>92.17%</u>
<b>Covered Payroll</b>	<u>\$ 1,075,934</u>	<u>\$ 1,070,004</u>	<u>\$ 1,185,242</u>	<u>\$ 1,127,808</u>	<u>\$ 1,136,459</u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	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	2018 *	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 497,085	\$ 506,061	\$ 348,540	\$ 313,177	\$ 229,180	\$ 221,758	\$ 196,777	\$ 194,696	\$ 187,445	\$ 179,437
Contributions in relation to the actuarially determined contributions	497,781	515,086	348,540	309,540	229,180	221,758	196,777	243,248	187,445	179,437
Contribution deficiency (excess)	\$ (696)	\$ (9,025)	\$ -	\$ 3,637	\$ -	\$ -	\$ -	\$ (48,552)	\$ -	\$ -
Covered payroll	\$ 2,458,443	\$ 2,603,334	\$ 2,547,084	\$ 2,424,666	\$ 2,329,296	\$ 2,206,608	\$ 2,029,015	\$ 2,003,491		
Contributions as a percentage of covered payroll	20.25%	19.79%	13.68%	12.77%	9.84%	10.05%	9.70%	12.14%		

### Investment Returns

Annual money-weighted rate of return, net of investment expense	-4.90%	12.93%	6.00%	-3.30%	2.81%					
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### NON-UNIFORM PENSION PLAN:

Schedule of Township Contributions	2018 *	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,648	\$ 143,218	\$ 137,242	\$ 101,460	\$ 99,224	\$ 79,596	\$ 77,791
Contributions in relation to the actuarially contributions	241,221	241,470	181,237	169,075	143,218	137,242	101,460	153,628	79,596	77,791
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 573	\$ -	\$ -	\$ -	\$ (54,404)	\$ -	\$ -
Covered payroll	\$ 1,208,116	\$ 1,227,899	\$ 1,191,567	\$ 1,146,812	\$ 1,149,333	\$ 1,089,434	\$ 1,088,386	\$ 1,076,836		
Contributions as a percentage of covered payroll	19.97%	19.67%	15.21%	14.74%	12.46%	12.60%	9.32%	14.27%		

### Investment Returns

Annual money-weighted rate of return, net of investment expense	-5.03%	12.91%	5.92%	-3.27%	2.82%					
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\* 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, 2018

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### 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	1/1/2015	1/1/2015
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Amortization period	11 years	9 years
Actuarial assets valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Project salary increases	5.0% annual increase	5.0% annual increase
Post-retirement benefit increases	None	None

### Significant Factors Affecting Schedules

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

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.

# WEST MANCHESTER TOWNSHIP

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

	2018*
<b>Total OPEB Liability:</b>	
Service cost	\$ 17,888
Interest	17,177
Differences between expected and actual experience	347,974
Changes of assumptions	(373,891)
Benefit payments	(9,003)
<b>Net Changes in Total OPEB Liability</b>	<b>145</b>
<b>Total OPEB Liability - Beginning</b>	<b>429,422</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 429,567</b>

\* 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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OPEB INFORMATION

YEAR ENDED DECEMBER 31, 2018

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### 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	1/1/2018
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Interest rate	3.56%
Inflation rate	3.00%
Healthcare cost trend rates	7.00% in 2019; 6.75% in 2020; 6.50% in 2021; 6.25% in 2022; 6.00% in 2023; 5.50% in 2024; 5.00% in 2025; and 4.50% in 2026 and later
Mortality	RPH-2014 Total Dataset Mortality Table projected using Scale MP-2017
Salary increases	2.50%

#### Changes in Actuarial Assumptions

The interest rate changed from 4.00% to 3.56% in the January 1, 2018 actuarial valuation. 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.

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## **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, 2018

	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)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 71,200	\$ 74,983	\$ 3,783
Investment earnings	2,500	7,110	4,610	170	1,423	1,253
Intergovernmental revenues	644,323	677,091	32,768	-	-	-
Total revenues	646,823	684,201	37,378	71,370	76,406	5,036
<b>Expenditures:</b>						
Current:						
Public works	642,193	444,005	198,188	66,860	70,607	(3,747)
Total expenditures	642,193	444,005	198,188	66,860	70,607	(3,747)
<b>Net Change in Fund Balance</b>	<u>\$ 4,630</u>	<u>240,196</u>	<u>\$ 235,566</u>	<u>\$ 4,510</u>	<u>5,799</u>	<u>\$ 1,289</u>
<b>Fund Balance:</b>						
Beginning of year		87,976			70,398	
End of year		<u>\$ 328,172</u>			<u>\$ 76,197</u>	



# WEST MANCHESTER TOWNSHIP

## COMBINING BALANCE SHEET

### NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
<b>Assets</b>			
Cash and cash equivalents	\$ 287,166	\$ 92,016	\$ 379,182
Due from other funds	41,006	-	41,006
<b>Total Assets</b>	<u>\$ 328,172</u>	<u>\$ 92,016</u>	<u>\$ 420,188</u>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Due to other funds	\$ -	\$ 15,819	\$ 15,819
<b>Total Liabilities</b>	<u>-</u>	<u>15,819</u>	<u>15,819</u>
Fund Balance:			
Restricted for:			
Public works	<u>328,172</u>	<u>76,197</u>	<u>404,369</u>
<b>Total Fund Balance</b>	<u>328,172</u>	<u>76,197</u>	<u>404,369</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 328,172</u>	<u>\$ 92,016</u>	<u>\$ 420,188</u>

# WEST MANCHESTER TOWNSHIP

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
<b>Revenues:</b>			
Taxes	\$ -	\$ 74,983	\$ 74,983
Investment earnings	7,110	1,423	8,533
Intergovernmental revenues	677,091	-	677,091
Total revenues	684,201	76,406	760,607
<b>Expenditures:</b>			
Current:			
Public works	444,005	70,607	514,612
Total expenditures	444,005	70,607	514,612
<b>Net Change in Fund Balance</b>	240,196	5,799	245,995
<b>Fund Balance:</b>			
Beginning of year	87,976	70,398	158,374
End of year	\$ 328,172	\$ 76,197	\$ 404,369

# WEST MANCHESTER TOWNSHIP

## COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS

DECEMBER 31, 2018

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
<b>Assets</b>				
Investments	\$ 9,567,308	\$ 3,296,317	\$ 14,965	\$ 12,878,590
Accounts receivable	280	-	-	280
Due from other funds	-	175	-	175
<b>Total Assets</b>	<b>9,567,588</b>	<b>3,296,492</b>	<b>14,965</b>	<b>12,879,045</b>
<b>Liabilities</b>				
Due to other funds	625	450	-	1,075
<b>Net Position</b>				
Restricted for pension benefits	<u>\$ 9,566,963</u>	<u>\$ 3,296,042</u>	<u>\$ 14,965</u>	<u>\$ 12,877,970</u>

# WEST MANCHESTER TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2018

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
<b>Additions:</b>				
Contributions:				
Employer	\$ 497,781	\$ 241,221	\$ 7,829	\$ 746,831
Employee	129,015	21,725	7,003	157,743
Total contributions	626,796	262,946	14,832	904,574
Investment earnings (loss):				
Interest and dividends	72,940	24,923	-	97,863
Net depreciation of fair value of investments	(490,414)	(174,362)	(275)	(665,051)
Total investment earnings (loss)	(417,474)	(149,439)	(275)	(567,188)
Less: investment expense	(54,756)	(18,532)	-	(73,288)
Net investment earnings (loss)	(472,230)	(167,971)	(275)	(640,476)
Total additions	154,566	94,975	14,557	264,098
<b>Deductions:</b>				
Benefit payments	435,641	131,496	900	568,037
Administrative expense	4,939	5,438	-	10,377
Total deductions	440,580	136,934	900	578,414
<b>Change in Plan Net Position</b>	(286,014)	(41,959)	13,657	(314,316)
<b>Net Position:</b>				
Beginning of year	9,852,977	3,338,001	1,308	13,192,286
End of year	\$ 9,566,963	\$ 3,296,042	\$ 14,965	\$ 12,877,970