

## **West Manchester Township**

Financial Statements and  
Required Supplementary and  
Supplementary Information

Year Ended December 31, 2023  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name, consisting of a black segment on the left and a blue segment on the right.

# WEST MANCHESTER TOWNSHIP

YEAR ENDED DECEMBER 31, 2023

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# WEST MANCHESTER TOWNSHIP

YEAR ENDED DECEMBER 31, 2023

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## Independent Auditor's Report

**Board of Supervisors  
West Manchester Township**

### Report on the Audit of the Financial Statements

#### **Adverse and Unmodified Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

#### **Adverse Opinion on Discretely Presented Component Unit**

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying 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, 2023, 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 on Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information**

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Adverse and Unmodified Opinions**

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

### Matters Giving Rise to Adverse Opinion on Discretely Presented Component Unit

The financial statements 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 effect of not including the Township's legally separate component unit on the discretely presented component units have not been determined.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### 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. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Harrisburg, Pennsylvania  
July 5, 2024

# WEST MANCHESTER TOWNSHIP

## STATEMENT OF NET POSITION

DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 17,775,984	\$ 29,676,986	\$ 47,452,970
Investments	628,000	475,000	1,103,000
Accounts receivable	400,315	1,032,579	1,432,894
Due from other governments	-	58,765	58,765
Taxes receivable	1,250,483	-	1,250,483
Prepaid expenses	384,527	133,199	517,726
Capital assets not being depreciated	1,332,960	51,200	1,384,160
Capital assets, net of accumulated depreciation	8,499,155	5,557,486	14,056,641
<b>Total Assets</b>	<b>30,271,424</b>	<b>36,985,215</b>	<b>67,256,639</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions	1,533,049	23,035	1,556,084
Deferred outflows of resources - OPEB	244,670	13,346	258,016
<b>Total Deferred Outflows of Resources</b>	<b>1,777,719</b>	<b>36,381</b>	<b>1,814,100</b>
<b>Liabilities</b>			
Accounts payable	67,234	701,507	768,741
Accrued salaries and benefits	168,625	14,280	182,905
Due to other governments	-	246,059	246,059
Deposits in escrow	1,036,323	-	1,036,323
Unearned revenue	177,237	15,925	193,162
Other liabilities	129,011	-	129,011
Noncurrent liabilities:			
Due within one year	151,716	4,275	155,991
Due in more than one year	409,582	-	409,582
Net pension liability	3,745,356	35,518	3,780,874
Total OPEB liability	365,526	19,938	385,464
<b>Total Liabilities</b>	<b>6,250,610</b>	<b>1,037,502</b>	<b>7,288,112</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	1,158,506	18,851	1,177,357
Deferred inflows of resources - OPEB	394,355	21,510	415,865
<b>Total Deferred Inflows of Resources</b>	<b>1,552,861</b>	<b>40,361</b>	<b>1,593,222</b>
<b>Net Position</b>			
Net investment in capital assets	9,832,115	5,608,686	15,440,801
Restricted for:			
Sewer projects	591,409	-	591,409
Public works	779,782	-	779,782
Unrestricted	13,042,366	30,335,047	43,377,413
<b>Total Net Position</b>	<b>\$ 24,245,672</b>	<b>\$ 35,943,733</b>	<b>\$ 60,189,405</b>

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



# WEST MANCHESTER TOWNSHIP

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

<b>Functions/Programs:</b>	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	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 1,147,404	\$ 635,313	\$ 197,012	\$ -	\$ (315,079)	\$ -	\$ (315,079)
Public safety	5,173,859	387,676	637,395	-	(4,148,788)	-	(4,148,788)
Public works	1,141,057	134,046	712,056	-	(294,955)	-	(294,955)
Culture recreation	595,594	42,218	-	-	(553,376)	-	(553,376)
Stormwater management	24,472	-	-	-	(24,472)	-	(24,472)
Other	4,006,208	-	-	-	(4,006,208)	-	(4,006,208)
Total governmental activities	12,088,594	1,199,253	1,546,463	-	(9,342,878)	-	(9,342,878)
Business-type activities:							
Sewer	6,450,188	8,187,405	-	-	-	1,737,217	1,737,217
Garbage	1,894,718	1,773,137	-	-	-	(121,581)	(121,581)
Total business-type activities	8,344,906	9,960,542	-	-	-	1,615,636	1,615,636
<b>Total Primary Government</b>	<b>\$ 20,433,500</b>	<b>\$ 11,159,795</b>	<b>\$ 1,546,463</b>	<b>\$ -</b>	<b>(9,342,878)</b>	<b>1,615,636</b>	<b>(7,727,242)</b>
General revenues:							
Taxes					10,062,725	-	10,062,725
Intergovernmental revenue and contributions not restricted to a specific purpose					480,033	364,597	844,630
Investment earnings					644,801	691,936	1,336,737
Transfers					38,331	(38,331)	-
Total general revenues					11,225,890	1,018,202	12,244,092
<b>Change in Net Position</b>					1,883,012	2,633,838	4,516,850
<b>Net Position:</b>							
Beginning of year					22,362,660	33,309,895	55,672,555
End of year					\$ 24,245,672	\$ 35,943,733	\$ 60,189,405

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

# WEST MANCHESTER TOWNSHIP

## BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 8,203,858	\$ 8,790,596	\$ 781,530	\$ 17,775,984
Investments	-	628,000	-	628,000
Accounts receivable	399,919	-	396	400,315
Taxes receivable	1,250,483	-	-	1,250,483
Prepaid expenditures	384,527	-	-	384,527
<b>Total Assets</b>	<b>\$ 10,238,787</b>	<b>\$ 9,418,596</b>	<b>\$ 781,926</b>	<b>\$ 20,439,309</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 65,090	\$ -	\$ 2,144	\$ 67,234
Accrued salaries and benefits	168,625	-	-	168,625
Deposits in escrow	772,355	263,968	-	1,036,323
Other liabilities	129,011	-	-	129,011
<b>Total Liabilities</b>	<b>1,135,081</b>	<b>263,968</b>	<b>2,144</b>	<b>1,401,193</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - other	243,408	-	-	243,408
Unavailable revenue - taxes	384,518	-	-	384,518
<b>Total Deferred Inflows of Resources</b>	<b>627,926</b>	<b>-</b>	<b>-</b>	<b>627,926</b>
<b>Fund Balance:</b>				
Nonspendable	384,527	-	-	384,527
Restricted for:				
Sewer projects	-	591,409	-	591,409
Public works	-	-	779,782	779,782
Assigned for:				
Capital projects	-	8,563,219	-	8,563,219
Unassigned	8,091,253	-	-	8,091,253
<b>Total Fund Balance</b>	<b>8,475,780</b>	<b>9,154,628</b>	<b>779,782</b>	<b>18,410,190</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 10,238,787</b>	<b>\$ 9,418,596</b>	<b>\$ 781,926</b>	<b>\$ 20,439,309</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, 2023

**Total Fund Balance - Governmental Funds** \$ 18,410,190

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. 627,926

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. (177,237)

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 \$21,276,108 and the accumulated depreciation is \$11,443,993. 9,832,115

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	\$ (561,298)	
Net pension liability, net of related deferred outflows and inflows of resources	(3,370,813)	
Total OPEB liability, net of related deferred outflows and inflows of resources	<u>(515,211)</u>	<u>(4,447,322)</u>

**Total Net Position - Governmental Activities** \$ 24,245,672

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, 2023

	General	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 9,571,872	\$ -	\$ 73,289	\$ 9,645,161
Licenses and permits	357,799	-	-	357,799
Fines and forfeits	163,172	-	-	163,172
Investment earnings	359,503	246,451	38,847	644,801
Intergovernmental revenues	1,324,366	309,800	647,983	2,282,149
Charges for services	354,392	103,716	-	458,108
Other	181,429	354,122	64,073	599,624
Total revenues	<u>12,312,533</u>	<u>1,014,089</u>	<u>824,192</u>	<u>14,150,814</u>
<b>Expenditures:</b>				
Current:				
General government	1,106,198	7,486	-	1,113,684
Public safety	5,841,624	-	-	5,841,624
Public works	426,207	1,221	455,814	883,242
Culture recreation	539,725	-	-	539,725
Stormwater management	24,472	-	-	24,472
Other	4,006,208	-	-	4,006,208
Capital outlay	-	871,005	-	871,005
Total expenditures	<u>11,944,434</u>	<u>879,712</u>	<u>455,814</u>	<u>13,279,960</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>368,099</u>	<u>134,377</u>	<u>368,378</u>	<u>870,854</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	447,066	868,658	-	1,315,724
Transfers out	(923,793)	(353,600)	-	(1,277,393)
Total other financing sources (uses)	<u>(476,727)</u>	<u>515,058</u>	<u>-</u>	<u>38,331</u>
<b>Net Change in Fund Balance</b>	<u>(108,628)</u>	<u>649,435</u>	<u>368,378</u>	<u>909,185</u>
<b>Fund Balance:</b>				
Beginning of year	8,584,408	8,505,193	411,404	17,501,005
End of year	<u>\$ 8,475,780</u>	<u>\$ 9,154,628</u>	<u>\$ 779,782</u>	<u>\$ 18,410,190</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, 2023

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	909,185
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.</p>		
Depreciation expense	\$ (809,031)	
Capital outlays	<u>1,700,627</u>	891,596
<p>Change in deferred inflows of resources - unavailable revenue.</p>		
		(238,272)
<p>Governmental funds report advance rental payments as revenues. However, in the Statement of Activities, the payments are amortized over the rental contract period and reported as general government charges for services.</p>		
		20,733
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:</p>		
Change in compensated absences	(5,455)	
Change in net pension liability, net of related deferred outflows and inflows of resources	323,558	
Change in total OPEB liability, net of related deferred outflows and inflows of resources	<u>(18,333)</u>	<u>299,770</u>
<b>Total Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u><u>1,883,012</u></u></b>

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

**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
DECEMBER 31, 2023

<b>Assets</b>	Sewer Fund	Garbage Fund	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 28,169,256	\$ 1,507,730	\$ 29,676,986
Investments	475,000	-	475,000
Accounts receivable	961,686	70,893	1,032,579
Due from other funds	618	-	618
Due from other governments	58,765	-	58,765
Prepaid expenses	133,089	110	133,199
Total current assets	<u>29,798,414</u>	<u>1,578,733</u>	<u>31,377,147</u>
<b>Noncurrent assets:</b>			
Capital assets not being depreciated	51,200	-	51,200
Capital assets, net of accumulated depreciation	5,520,402	37,084	5,557,486
Total noncurrent assets	<u>5,571,602</u>	<u>37,084</u>	<u>5,608,686</u>
<b>Total Assets</b>	<u>35,370,016</u>	<u>1,615,817</u>	<u>36,985,833</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pensions	23,035	-	23,035
Deferred outflows of resources - OPEB	13,346	-	13,346
<b>Total Deferred Outflows of Resources</b>	<u>36,381</u>	<u>-</u>	<u>36,381</u>

(Continued)

<b>Liabilities</b>	Sewer Fund	Garbage Fund	Total
<b>Current liabilities:</b>			
Due to other funds	-	618	618
Due to other governments	246,059	-	246,059
Accounts payable	681,506	20,001	701,507
Accrued salaries and benefits	12,638	1,642	14,280
Unearned revenue	14,432	1,493	15,925
Accrued compensated absences	4,275	-	4,275
<b>Total current liabilities</b>	<b>958,910</b>	<b>23,754</b>	<b>982,664</b>
<b>Noncurrent liabilities:</b>			
Total OPEB liability	19,938	-	19,938
Net pension liability	35,518	-	35,518
<b>Total noncurrent liabilities</b>	<b>55,456</b>	<b>-</b>	<b>55,456</b>
<b>Total Liabilities</b>	<b>1,014,366</b>	<b>23,754</b>	<b>1,038,120</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - pensions	18,851	-	18,851
Deferred inflows of resources - OPEB	21,510	-	21,510
<b>Total Deferred Inflows of Resources</b>	<b>40,361</b>	<b>-</b>	<b>40,361</b>
<b>Net Position</b>			
Net investment in capital assets	5,571,602	37,084	5,608,686
Unrestricted	28,780,068	1,554,979	30,335,047
<b>Total Net Position</b>	<b>\$ 34,351,670</b>	<b>\$ 1,592,063</b>	<b>\$ 35,943,733</b>

(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, 2023

	Sewer Fund	Garbage Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 8,187,405	\$ 1,773,137	\$ 9,960,542
Total operating revenues	8,187,405	1,773,137	9,960,542
<b>Operating Expenses:</b>			
Personnel services	421,270	45,670	466,940
Dover Township's sewage treatment plant expenses	939,878	-	939,878
Operation and administration	4,625,441	1,841,070	6,466,511
Total operating expenses	5,986,589	1,886,740	7,873,329
Operating income before depreciation	2,200,816	(113,603)	2,087,213
Depreciation	463,599	7,978	471,577
<b>Operating Income (Loss)</b>	<b>1,737,217</b>	<b>(121,581)</b>	<b>1,615,636</b>
<b>Nonoperating Revenues:</b>			
Investment earnings	656,617	35,319	691,936
Intergovernmental grants	364,597	-	364,597
Total nonoperating revenues	1,021,214	35,319	1,056,533
Transfers in	55,135	-	55,135
Transfers out	(73,773)	(19,693)	(93,466)
Total transfers	(18,638)	(19,693)	(38,331)
<b>Change in Net Position</b>	2,739,793	(105,955)	2,633,838
<b>Net Position:</b>			
Beginning of year	31,611,877	1,698,018	33,309,895
End of year	\$ 34,351,670	\$ 1,592,063	\$ 35,943,733

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



**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
YEAR ENDED DECEMBER 31, 2023

	Sewer Fund	Garbage Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Cash received from users	\$ 8,190,427	\$ 1,773,238	\$ 9,963,665
Cash payments to employees for service	(447,949)	(48,044)	(495,993)
Cash payments to suppliers for goods and services	(5,285,729)	(1,854,960)	(7,140,689)
Net cash provided by (used in) operating activities	<u>2,456,749</u>	<u>(129,766)</u>	<u>2,326,983</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Net transfers	(18,638)	(19,693)	(38,331)
Intergovernmental grants	364,597	-	364,597
Net cash provided by (used in) non-capital financing activities	<u>345,959</u>	<u>(19,693)</u>	<u>326,266</u>
<b>Cash Flows From Capital Financing Activities:</b>			
Acquisition of capital assets	(546,830)	-	(546,830)
Net cash provided by (used in) capital financing activities	<u>(546,830)</u>	<u>-</u>	<u>(546,830)</u>
<b>Cash Flows From Investing Activities:</b>			
Sale (purchase) of investments	399,933	-	399,933
Earnings on investments	656,617	35,319	691,936
Net cash provided by (used in) investing activities	<u>1,056,550</u>	<u>35,319</u>	<u>1,091,869</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>3,312,428</u>	<u>(114,140)</u>	<u>3,198,288</u>
<b>Cash and Cash Equivalents:</b>			
Beginning of year	24,856,828	1,621,870	26,478,698
End of year	<u>\$ 28,169,256</u>	<u>\$ 1,507,730</u>	<u>\$ 29,676,986</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ 1,737,217	\$ (121,581)	\$ 1,615,636
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	463,599	7,978	471,577
(Increase) decrease in:			
Accounts receivable	(76,139)	101	(76,038)
Due from other funds	55,135	-	55,135
Due from other governments	73,325	-	73,325
Prepaid expenses	(19,554)	(110)	(19,664)
Deferred outflows of resources - pensions	29,442	-	29,442
Deferred outflows of resources - OPEB	1,928	-	1,928
Increase (decrease) in:			
Accrued salary and benefits	(7,005)	(2,374)	(9,379)
Accrued compensated absences	292	-	292
Accounts payable	76,987	3,706	80,693
Due to other funds	-	(17,486)	(17,486)
Due to other governments	225,190	-	225,190
Unearned revenue	(49,299)	-	(49,299)
Total OPEB liability	(3,033)	-	(3,033)
Net pension liability	(45,595)	-	(45,595)
Deferred inflows of resources - pensions	(7,345)	-	(7,345)
Deferred inflows of resources - OPEB	1,604	-	1,604
Total adjustments	<u>719,532</u>	<u>(8,185)</u>	<u>711,347</u>
Net cash provided by (used in) operating activities	<u>\$ 2,456,749</u>	<u>\$ (129,766)</u>	<u>\$ 2,326,983</u>

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

**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**PENSION TRUST FUNDS**  
 DECEMBER 31, 2023

<b>Assets</b>	
Investments	\$ 20,222,890
Accounts receivable	280
Due from other funds	175
<b>Total Assets</b>	<b>20,223,345</b>
<b>Liabilities</b>	
Due to other funds	175
<b>Total Liabilities</b>	<b>175</b>
<b>Net Position</b>	
Restricted for pension benefits	<b>\$ 20,223,170</b>

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, 2023**

**Additions:**

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Contributions:		
Employer		\$ 1,271,576
Employee		<u>204,713</u>
Total contributions		<u>1,476,289</u>
Investment earnings:		
Interest and dividends		324,594
Net appreciation of fair value of investments		<u>1,833,038</u>
Total investment earnings (losses)		2,157,632
Less: investment expenses		<u>(97,762)</u>
Net investment earnings (losses)		<u>2,059,870</u>
Total additions		<u>3,536,159</u>

**Deductions:**

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Benefit payments		951,285
Administrative expense		<u>5,521</u>
Total deductions		<u>956,806</u>

**Change in Plan Net Position** 2,579,353

**Net Position:**

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Beginning of year		<u>17,643,817</u>
End of year		<u><u>\$ 20,223,170</u></u>

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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, 2023, the Township paid the Authority \$88,534 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, 2023

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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.

### 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.

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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.

### 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,

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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they reduce the net cost of the function to be financed from the Township's general revenues.

### Operating and Nonoperating Revenues of Proprietary Funds

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

### Applying Restricted or Unrestricted Resources

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

### Fund Accounting

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

#### Governmental Funds

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

**Special Revenue Funds (non-major funds)** - The special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects. The special revenue funds are the Liquid Fuels Fund and the Street Lighting Tax Fund.

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### Proprietary Funds

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

### Fiduciary Funds

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

### Modified Accrual Basis

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

### Taxes

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



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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.

### 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 2021. All unused budget appropriations lapse at year-end.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 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.

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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, 2023 was \$151,577 and \$64,901, respectively.

### Deferred Inflows and Outflows of Resources for Pension and Other Post-Employment Benefit Obligation (OPEB)

In conjunction with pension and OPEB accounting requirements, the effect of the differences in the Township's expected and actual experience, the changes of assumptions, and the difference between projected and actual earnings on pension plan investments are recorded as deferred inflows or outflows of resources related to pension and OPEB on the statement of net position. These amounts are determined based on the actuarial valuations performed for the pension and OPEB plans.

### 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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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.

**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.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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.

### 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 12 and 13. There were no significant reductions in insurance coverage in 2023. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### Adopted Pronouncements

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*," provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and requires recognition of certain subscription assets and liabilities based on the contract provisions. The effects of this adoption were not material to the Township's December 31, 2023 financial statements.

### Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), 102 (Certain Risk Disclosures), and 103 (Financial Reporting Model Improvements). Management has not yet determined the impact of these statements on the financial statements.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 3. Deposits and Investments

#### Deposits

As of December 31, 2023, the Township's book balances were as follows:

	<u>Carrying Amount</u>
Cash and cash equivalents:	
Governmental activities	\$ 17,775,984
Business-type activities	<u>29,676,986</u>
Total cash and cash equivalents	<u>\$ 47,452,970</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, 2023, the Township's book balance was \$47,452,970 and the bank balance was \$48,233,515. Of the bank balance, \$8,578,135 was covered by federal depository insurance and \$23,869,403 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 \$15,785,977 is invested in an external investment pool with the Pennsylvania Local Government Investment Trust (PLGIT).

The Township uses PLGIT, an external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for Township funds. PLGIT was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at [www.plgit.com](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, 2023

The Township has \$8,820,474 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 \$75,357 invested in PLGIT/Reserve-Class shares, which require a minimum investment of \$50,000. The Township has \$6,890,146 invested in PLGIT/PRIME, which is a variable rate investment portfolio that requires no minimum balance, no minimum initial investment, and limits redemptions or exchanges to two per calendar month. On December 31, 2023, these PLGIT shares carried an AAA rating and had an average maturity of less than one year.

### Investments

Investments of the Township at December 31, 2023 were as follows:

	<u>Level</u>	
Investments at fair value:		
Equity mutual funds:		
International	1	\$ 1,302,583
Large Cap	1	4,034,430
Mid Cap	1	826,394
Small Cap	1	462,091
Real estate investment trust	1	6,283
Fixed income mutual funds:		
Intermediate bond - taxable	1	5,380,648
U.S. treasuries	1	1,103,000
Money market	1	164,958
Common Trust Fund - fixed	3	<u>3,337,038</u>
Total investments at fair value		<u>16,617,425</u>
Investments measured at the net asset value (NAV):		
Common Trust Fund - balanced		<u>4,708,465</u>
Total investments at NAV		<u>4,708,465</u>
Total investments		<u><u>\$ 21,325,890</u></u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### *Valuation of Level 3 and NAV Holdings*

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

Common Trust Fund – Balanced: This holding is valued daily and a NAV is determined based on the underlying holdings of the fund, which represent a moderate risk strategy allocation. The value of this fund is based on a 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, 2023, there were no investments that represented more than five percent of the Township's total investments.



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

*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, 2023:

	Rating	Fair Value
Common Trust Fund - balanced	Unrated	\$ 4,708,465
Common Trust Fund - fixed	A+	3,337,038
Fixed income mutual funds	AAA	1,041,891
Fixed income mutual funds	A+	1,219,375
Fixed income mutual funds	A	3,119,382
U.S. treasuries	AAA	1,103,000

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

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

	Fair Value	Investment Maturities			
		2024	2025-2029	2030-2034	Thereafter
U.S. treasuries	\$ 1,103,000	\$ 628,000	\$ 475,000	\$ -	\$ -
Fixed income mutual funds	5,380,648	-	-	42,384	5,338,264
<b>Total</b>	<b>\$ 6,483,648</b>	<b>\$ 628,000</b>	<b>\$ 475,000</b>	<b>\$ 42,384</b>	<b>\$ 5,338,264</b>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 4. Interfund Balances and Transfers

The composition of interfund balances at December 31, 2023 is as follows:

	Due from Other Funds	Due to Other Funds
Enterprise Funds:		
Sewer Fund	\$ 618	\$ -
Garbage Fund	-	618
Total	<u>\$ 618</u>	<u>\$ 618</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, 2023 is as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 447,066	\$ 923,793
Capital Projects Fund	868,658	353,600
Enterprise Funds:		
Sewer Fund	55,135	73,773
Garbage Fund	-	19,693
Total	<u>\$ 1,370,859</u>	<u>\$ 1,370,859</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, 2023

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### 5. 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 2023 is as follows:

February 15, 2023 -	tax levy date
Through April 15, 2023 -	2% discount period
Through December 31, 2023 -	face payment period
Beginning January 1, 2024 -	10% penalty period

The Township's tax rate for general purposes for 2023 was 1.75 mills.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### 6. Capital Assets

Capital asset activity for the year ended December 31, 2023 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	6,354,137	237,045	-	6,591,182
Infrastructure	3,185,048	-	-	3,185,048
Traffic signals	1,750,746	-	-	1,750,746
Vehicles	5,286,333	1,179,862	(388,170)	6,078,025
Machinery and equipment	2,054,427	283,720	-	2,338,147
Total capital assets, being depreciated	18,630,691	1,700,627	(388,170)	19,943,148
Less accumulated depreciation for:				
Buildings and building improvements	(3,643,741)	(179,852)	-	(3,823,593)
Infrastructure	(1,703,744)	(159,252)	-	(1,862,996)
Traffic signals	(1,380,207)	(25,540)	-	(1,405,747)
Vehicles	(3,012,336)	(293,491)	388,170	(2,917,657)
Machinery and equipment	(1,283,104)	(150,896)	-	(1,434,000)
Total accumulated depreciation	(11,023,132)	(809,031)	388,170	(11,443,993)
Total capital assets, being depreciated, net	7,607,559	891,596	-	8,499,155
Governmental activities, capital assets, net	\$ 8,940,519	\$ 891,596	\$ -	\$ 9,832,115

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

	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	35,194,055	506,247	-	35,700,302
Vehicles	539,853	40,583	-	580,436
Equipment	402,285	-	-	402,285
Total capital assets, being depreciated	36,136,193	546,830	-	36,683,023
Less accumulated depreciation for:				
Sewer lines	(30,031,850)	(374,077)	-	(30,405,927)
Vehicles	(400,417)	(53,196)	-	(453,613)
Equipment	(221,693)	(44,304)	-	(265,997)
Total accumulated depreciation	(30,653,960)	(471,577)	-	(31,125,537)
Total capital assets, being depreciated, net	5,482,233	75,253	-	5,557,486
Business-type activities, capital assets, net	\$ 5,533,433	\$ 75,253	\$ -	\$ 5,608,686

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 78,497
Public safety	329,223
Public works	322,850
Culture recreation	78,461
Total depreciation expense - governmental activities	\$ 809,031
Business-type activities:	
Sewer	\$ 463,599
Garbage	7,978
Total depreciation expense - business-type activities	\$ 471,577

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### 7. 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, 2023 for non-uniform employees and police officers amounted to \$41,410 and \$519,888, respectively.

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 555,843	\$ 352,556	\$ (347,101)	\$ 561,298	\$ 151,716
Governmental activities long-term liabilities	<u>\$ 555,843</u>	<u>\$ 352,556</u>	<u>\$ (347,101)</u>	<u>\$ 561,298</u>	<u>\$ 151,716</u>
Business-type activities:					
Compensated absences	\$ 3,983	\$ 9,635	\$ (9,343)	\$ 4,275	\$ 4,275
Business-type activities long-term liabilities	<u>\$ 3,983</u>	<u>\$ 9,635</u>	<u>\$ (9,343)</u>	<u>\$ 4,275</u>	<u>\$ 4,275</u>

### 8. 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, 2023

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### Plan Membership

At December 31, 2023, Plan memberships consisted of the following:

	<u>Police</u>	<u>Non-Uniform</u>
Active plan members	30	13
Inactive members or beneficiaries currently receiving benefits	18	12
DROP Participants	1	-
Inactive members entitled to, but not yet receiving benefits	<u>1</u>	<u>4</u>
Total plan members	<u><u>50</u></u>	<u><u>29</u></u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 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

### 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.



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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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 \$916,889 and \$306,816 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, 2023, there was one employee participating in the DROP.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### Changes in Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2023 were as follows:

#### Police

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset)/Liability</u>
Balances at December 31, 2022	\$ 17,686,760	\$ 12,933,671	\$ 4,753,089
Changes for the year:			
Service cost	539,457	-	539,457
Interest	1,072,433	-	1,072,433
Differences between expected and actual experience	(346,380)	-	(346,380)
Contributions - employer	-	581,942	(581,942)
Contributions - employee	-	159,665	(159,665)
Contributions - state	-	334,947	(334,947)
Net investment income	-	1,519,507	(1,519,507)
Benefit payments, including refunds	(729,056)	(729,056)	-
Administrative expense	-	(3,150)	3,150
Net changes	<u>536,454</u>	<u>1,863,855</u>	<u>(1,327,401)</u>
Balances at December 31, 2023	<u>\$ 18,223,214</u>	<u>\$ 14,797,526</u>	<u>\$ 3,425,688</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>81.20%</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### Non-Uniform

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2022	\$ 5,304,078	\$ 4,492,945	\$ 811,133
Changes for the year:			
Service cost	165,840	-	165,840
Interest	322,031	-	322,031
Differences between expected and actual experience	(101,566)	-	(101,566)
Contributions - employer	-	227,226	(227,226)
Contributions - employee	-	17,329	(17,329)
Contributions - state	-	81,590	(81,590)
Net investment income	-	518,879	(518,879)
Benefit payments, including refunds	(213,597)	(213,597)	-
Administrative expense	-	(2,772)	2,772
Net changes	172,708	628,655	(455,947)
Balances at December 31, 2023	\$ 5,476,786	\$ 5,121,600	\$ 355,186
Plan fiduciary net position as a percentage of the total pension liability			93.51%

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 \$319,668 and \$35,518 respectively, at December 31, 2023.

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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*Actuarial Assumptions* - The net pension liability was determined as part of an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date of December 31, 2023. This report was based upon the following significant actuarial assumptions:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	6.00%	6.00%
Inflation rate	2.50%	2.50%
Salary increases	4.5% (2023-2026 is temp 5.00%)	4.50%
Mortality:		
Pre-retirement mortality table	Pub-2010, Safety	Pub-2010, General
Post-retirement mortality table	Pub-2010, Safety	Pub-2010, General

*Change in assumptions:* The mortality projection scale was updated from Scale MP-2020 to Scale MP-2021.

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

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

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-term Expected</u>
	<u>Police</u>	<u>Non-Uniform</u>	<u>Rate of Return</u>
Domestic Equities	41.2%	37.3%	7.60%
International Equities	8.8%	7.8%	7.80%
Fixed Income	34.0%	36.5%	3.70%
Stable Value	16.0%	18.4%	3.30%
	<u>100%</u>	<u>100%</u>	

*Rate of Return* - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2023, the annual money-weighted rates of return on plan investments, net of investment expense, were 11.83% and 11.63% 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, 2023

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*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities (assets) 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>\$ 6,075,067</u>	<u>\$ 3,425,688</u>	<u>\$ 1,242,255</u>
	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Non-Uniform Plan	<u>\$ 1,004,665</u>	<u>\$ 355,186</u>	<u>\$ (192,051)</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

For the year ended December 31, 2023, the Township recognized pension expense of \$855,151 in the governmental activities and (\$23,498) in the business-type activities. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 194,646	\$ 209
Changes in assumptions	562,370	-
Net difference between projected and actual earnings on pension plan investments	<u>776,033</u>	<u>22,826</u>
Total deferred outflows of resources	<u>\$ 1,533,049</u>	<u>\$ 23,035</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 1,125,295	\$ 18,675
Changes in assumptions	<u>33,211</u>	<u>176</u>
Total deferred inflows of resources	<u>\$ 1,158,506</u>	<u>\$ 18,851</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

The differences in the Township's expected and actual experience and the changes in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2024	\$ 128,723	\$ (6,744)
2025	278,227	3,455
2026	420,823	12,496
2027	(245,591)	(5,023)
2028	(51,478)	-
Thereafter	(156,161)	-
	<u>\$ 374,543</u>	<u>\$ 4,184</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, 2023, there were 17 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, 2023, the participants and the Township made contributions of \$27,719 and \$45,871, respectively.



# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

### Pension Financial Statements

Financial statements for the individual pension plans are presented below:

#### **Statement of Fiduciary Net Position DECEMBER 31, 2023**

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Assets:			
Investments	\$ 14,797,701	\$ 5,121,425	\$ 303,764
Accounts receivable	280	-	-
Due from other funds	-	175	-
<b>Total Assets</b>	<b>14,797,981</b>	<b>5,121,600</b>	<b>303,764</b>
Liabilities:			
Due to other funds	175	-	-
<b>Total Liabilities</b>	<b>175</b>	<b>-</b>	<b>-</b>
Net position restricted for pension benefits	<b>\$ 14,797,806</b>	<b>\$ 5,121,600</b>	<b>\$ 303,764</b>

#### **Statement of Changes in Fiduciary Net Position YEAR ENDED DECEMBER 31, 2023**

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund
Additions:			
Contributions:			
Employer	\$ 916,889	\$ 308,816	\$ 45,871
Employee	159,665	17,329	27,719
<b>Total contributions</b>	<b>1,076,554</b>	<b>326,145</b>	<b>73,590</b>
Investment earnings:			
Interest and dividends	237,514	87,080	-
Net appreciation in fair value of investments	1,354,179	456,873	21,986
<b>Total investment earnings (losses)</b>	<b>1,591,693</b>	<b>543,953</b>	<b>21,986</b>
Less: investment expense	(72,616)	(25,146)	-
<b>Net investment earnings (losses)</b>	<b>1,519,077</b>	<b>518,807</b>	<b>21,986</b>
<b>Total additions</b>	<b>2,595,631</b>	<b>844,952</b>	<b>95,576</b>
Deductions:			
Benefit payments	729,056	213,597	8,632
Administrative expense	2,720	2,700	101
<b>Total deductions</b>	<b>731,776</b>	<b>216,297</b>	<b>8,733</b>
<b>Change in plan net position</b>	<b>1,863,855</b>	<b>628,655</b>	<b>86,843</b>
Net position:			
Beginning of year	12,933,951	4,492,945	216,921
<b>End of year</b>	<b>\$ 14,797,806</b>	<b>\$ 5,121,600</b>	<b>\$ 303,764</b>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 9. Other Post-Employment Benefit Plan

#### Plan Descriptions

In addition to the pension benefits described in Note 8, the Township provides certain post-employment healthcare benefits to its retirees through one single-employer, defined benefit OPEB plan. This OPEB plan does not issue a separate report. No assets are accumulated in a trust for the OPEB plan.

#### Non-Uniform Employees

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

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

#### Police

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

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

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, 2023

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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, 2023, 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, 2022, the latest actuarial valuation, the OPEB plan membership was as follows:

Active plan members	55
Inactive members or beneficiaries currently receiving benefits	1
Inactive members entitled to, but not yet receiving benefits	-
Total	<u>56</u>

### Changes in Total OPEB Liability

The changes in total OPEB liability of the Township for the year ended December 31, 2023 were as follows:

	<u>Total OPEB Liability</u>
Service cost	\$ 37,730
Interest	8,991
Difference between expected and actual experience	-
Benefit payments	(9,336)
Changes of assumptions or other inputs	<u>(88,389)</u>
Net changes	(51,004)
Total OPEB liability at December 31, 2022 (based on a measurement date of January 1, 2022)	<u>436,458</u>
Total OPEB liability at December 31, 2023 (based on a measurement date of January 1, 2023)	<u>\$ 385,454</u>

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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The total OPEB liability is allocated between the governmental activities and business-type activities in the amounts of \$365,526 and \$19,938, respectively, at December 31, 2023.

### Actuarial Methods and Assumptions

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

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

The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation performed on January 1, 2022, using the following actuarial assumptions, applied to all periods in the measurement:

Valuation date	1/1/2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	4.26%
Inflation rate	3.00%
Healthcare cost trend rates	7.00% in 2023; 6.50% in 2024; 6.25% in 2025; 6.00% in 2026; 5.75% in 2027; 5.50% in 2028; 5.25% in 2029; 5.00% in 2030; 4.75% in 2031; and 4.50% in 2032 and later
Mortality	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021
Salary increases	2.50%

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### Changes in Actuarial Assumptions

The discount rate changed from 2.06% to 4.26%.

### Discount Rate

The discount rate used to measure the total OPEB liability was 4.26%. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index. Since the OPEB plan has insufficient assets to meet projected benefit payments, the municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the single discount rate for each measurement period assumed that employer contributions will be made based on the current funding policy for future years.

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

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

	<u>1% Decrease Rate (3.26%)</u>	<u>Current Discount Rate (4.26%)</u>	<u>1% Increase Rate (5.26%)</u>
Total OPEB Liability	<u>\$ 423,386</u>	<u>\$ 385,454</u>	<u>\$ 351,004</u>

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 343,269</u>	<u>\$ 385,454</u>	<u>\$ 434,369</u>

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# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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

For the year ended December 31, 2023, the Township recognized OPEB expense of \$18,333 in the governmental activities and \$499 in the business-type activities.

At December 31, 2023, the governmental activities and business-type activities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities
<u>Deferred Outflows of Resources:</u>		
Changes of assumptions or other inputs	\$ 11,601	\$ 633
Differences between expected and actual experience	233,069	12,713
Total Deferred Outflows of Resources	\$ 244,670	\$ 13,346
<u>Deferred Inflows of Resources:</u>		
Changes of assumptions or other inputs	\$ 307,337	\$ 16,764
Differences between expected and actual experience	87,018	4,746
Total Deferred Inflows of Resources	\$ 394,355	\$ 21,510

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:

<u>Year ending December 31,</u>	Governmental Activities	Business-type Activities
2024	\$ (17,603)	\$ (960)
2025	(17,603)	(960)
2026	(17,603)	(960)
2027	(17,603)	(960)
2028	(17,603)	(960)
Thereafter	(61,670)	(3,364)
	\$ (149,685)	\$ (8,164)

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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### 10. Commitments

#### Agreement

The Township has entered into an 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:

2024	\$	880,784
2025		935,555
2026		924,831
2027		913,399
2028		912,048
2029-2033		<u>4,743,587</u>
	\$	<u>9,310,204</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.

### 11. 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.

### 12. Public Entity Risk Pool

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

# WEST MANCHESTER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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assess, on a proportionate basis, all members of the Trust additional premiums. The Township paid premiums of \$198,117 during the year ended December 31, 2023.

### 13. 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, 2023 and 2022, the Township paid approximately \$29,900 and \$13,800, 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 of the activities of the PMHIC beyond its representation on the Board of Directors.

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

	<u>2023</u>	<u>2022</u>
Township funding	\$ 634,229	\$ 1,508,781
Claims paid	(501,170)	(1,600,216)
Reinsurance reimbursements	49,696	441,567
Anticipated cross recovery	<u>(29,870)</u>	<u>(13,789)</u>
Available for benefits	<u>\$ 152,885</u>	<u>\$ 336,343</u>



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**WEST MANCHESTER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,629,177	\$ 8,629,177	\$ 9,571,872	\$ 942,695
Licenses and permits	368,452	368,452	357,799	(10,653)
Fines and forfeits	165,500	165,500	163,172	(2,328)
Investment earnings	35,000	35,000	359,503	324,503
Intergovernmental revenues	1,710,148	1,710,148	1,324,366	(385,782)
Charges for services	272,355	272,355	354,392	82,037
Other	1,515,410	1,515,410	181,429	(1,333,981)
Total revenues	12,696,042	12,696,042	12,312,533	(383,509)
<b>Expenditures:</b>				
General government	994,999	994,999	1,106,198	(111,199)
Public safety	5,983,746	5,983,746	5,841,624	142,122
Public works	451,686	451,686	426,207	25,479
Culture recreation	567,555	567,555	539,725	27,830
Stormwater management	89,490	89,490	24,472	65,018
Other	3,732,051	3,732,051	4,006,208	(274,157)
Total expenditures	11,819,527	11,819,527	11,944,434	(124,907)
<b>Excess of Revenues Over Expenditures</b>				
	876,515	876,515	368,099	(508,416)
<b>Other Financing Sources (Uses):</b>				
Transfers in	97,065	97,065	447,066	350,001
Transfers out	(868,660)	(868,660)	(923,793)	(55,133)
Total other financing sources (uses)	(771,595)	(771,595)	(476,727)	294,868
<b>Net Change in Fund Balance</b>				
	\$ 104,920	\$ 104,920	\$ (108,628)	\$ (213,548)
<b>Fund Balance:</b>				
Beginning of year			8,584,408	
End of year			\$ 8,475,780	

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, 2023

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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, 2023 was formally adopted in December 2022 at a duly advertised public meeting.

### 2. Stewardship, Compliance, and Accountability

#### *Excess of Expenditures over Appropriations*

	<u>Appropriations</u>	<u>Expenditures</u>
General government	\$ 994,999	\$ 1,106,198
Other	3,732,051	4,006,208

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service cost	\$ 539,457	\$ 595,482	\$ 554,798	\$ 538,788	\$ 487,668	\$ 436,018	\$ 389,981	\$ 411,247	\$ 229,472	\$ 228,851
Interest	1,072,433	1,051,958	982,774	949,853	875,483	828,913	791,593	765,727	739,253	700,786
Changes in assumptions	-	92,257	18,547	(53,445)	465,381	-	1,060,564	-	1,718,695	-
Differences between expected and actual experience	(346,380)	(577,983)	274,081	(230,019)	(12,409)	9,877	(132,751)	(426,736)	23,567	(325,169)
Benefit payments, including refunds	(729,056)	(770,504)	(678,752)	(645,067)	(786,891)	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
<b>Net Changes in Total Pension Liability</b>	<b>536,454</b>	<b>391,210</b>	<b>1,151,448</b>	<b>560,110</b>	<b>1,029,232</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>17,687,040</b>	<b>17,295,830</b>	<b>16,144,382</b>	<b>15,584,272</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>8,759,827</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 18,223,494</b>	<b>\$ 17,687,040</b>	<b>\$ 17,295,830</b>	<b>\$ 16,144,382</b>	<b>\$ 15,584,272</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	\$ 916,889	\$ 893,140	\$ 813,981	\$ 784,129	\$ 688,865	\$ 497,781	\$ 515,086	\$ 348,540	\$ 309,540	\$ 229,180
Contributions - member	159,665	150,257	156,118	136,927	145,360	129,015	121,859	128,707	131,629	115,866
Net investment income (loss)	1,519,077	(1,686,874)	1,442,500	1,094,476	1,647,009	(472,230)	1,095,816	466,064	(264,718)	257,289
Benefit payments, including refunds	(729,056)	(770,504)	(678,752)	(645,067)	(786,891)	(435,641)	(338,111)	(317,646)	(332,065)	(231,212)
Administrative expense	(2,720)	(321)	(13,412)	(21)	(3,932)	(4,939)	(6,496)	(1,012)	(8,909)	(38,304)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,863,855</b>	<b>(1,414,302)</b>	<b>1,720,435</b>	<b>1,370,444</b>	<b>1,690,411</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>12,933,951</b>	<b>14,348,253</b>	<b>12,627,818</b>	<b>11,257,374</b>	<b>9,566,963</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>\$ 14,797,806</b>	<b>\$ 12,933,951</b>	<b>\$ 14,348,253</b>	<b>\$ 12,627,818</b>	<b>\$ 11,257,374</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>\$ 3,425,688</b>	<b>\$ 4,753,089</b>	<b>\$ 2,947,577</b>	<b>\$ 3,516,564</b>	<b>\$ 4,326,898</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>81.20%</b>	<b>73.13%</b>	<b>82.96%</b>	<b>78.22%</b>	<b>72.24%</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>\$ 3,281,896</b>	<b>\$ 2,890,781</b>	<b>\$ 3,020,980</b>	<b>\$ 2,828,033</b>	<b>\$ 2,802,981</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>104.38%</b>	<b>164.42%</b>	<b>97.57%</b>	<b>124.35%</b>	<b>154.37%</b>	<b>188.67%</b>	<b>164.32%</b>	<b>146.80%</b>	<b>139.89%</b>	<b>47.64%</b>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service cost	\$ 165,840	\$ 172,143	\$ 197,523	\$ 208,044	\$ 208,354	\$ 208,491	\$ 209,749	\$ 199,462	\$ 129,761	\$ 124,541
Interest	322,031	316,694	322,194	309,722	282,426	265,585	248,871	240,607	242,916	236,551
Changes in assumptions	-	-	7,771	(19,350)	185,592	-	395,080	-	484,582	-
Differences between expected and actual experience	(101,566)	(78,267)	(285,807)	(71,045)	(49,620)	(61,044)	(132,436)	(170,129)	(71,086)	(100,124)
Benefit payments, including refunds	(213,597)	(420,526)	(209,650)	(185,414)	(147,258)	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
<b>Net Changes in Total Pension Liability</b>	<b>172,708</b>	<b>(9,956)</b>	<b>32,031</b>	<b>241,957</b>	<b>479,494</b>	<b>281,536</b>	<b>608,887</b>	<b>32,826</b>	<b>685,536</b>	<b>(5,117)</b>
<b>Total Pension Liability - Beginning</b>	<b>5,304,078</b>	<b>5,314,034</b>	<b>5,282,003</b>	<b>5,040,046</b>	<b>4,560,552</b>	<b>4,279,016</b>	<b>3,670,129</b>	<b>3,637,303</b>	<b>2,951,767</b>	<b>2,956,884</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 5,476,786</b>	<b>\$ 5,304,078</b>	<b>\$ 5,314,034</b>	<b>\$ 5,282,003</b>	<b>\$ 5,040,046</b>	<b>\$ 4,560,552</b>	<b>\$ 4,279,016</b>	<b>\$ 3,670,129</b>	<b>\$ 3,637,303</b>	<b>\$ 2,951,767</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 308,816	\$ 325,768	\$ 308,846	\$ 323,869	\$ 307,389	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,075	\$ 143,218
Contributions - employee	17,329	17,390	20,480	18,959	22,117	21,725	23,281	23,310	16,383	31,290
Net investment income (loss)	518,807	(574,375)	454,188	368,433	578,065	(167,971)	365,807	153,558	(88,850)	91,848
Benefit payments, including refunds	(213,597)	(420,526)	(209,650)	(185,414)	(147,049)	(131,496)	(112,377)	(237,114)	(100,637)	(266,085)
Administrative expense	(2,700)	(425)	(7,457)	-	(3,705)	(5,438)	(3,881)	(4,297)	(9,735)	(11,285)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>628,655</b>	<b>(652,168)</b>	<b>566,407</b>	<b>525,847</b>	<b>756,817</b>	<b>(41,959)</b>	<b>514,300</b>	<b>116,694</b>	<b>(13,764)</b>	<b>(11,014)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>4,492,945</b>	<b>5,145,113</b>	<b>4,578,706</b>	<b>4,052,859</b>	<b>3,296,042</b>	<b>3,338,001</b>	<b>2,823,701</b>	<b>2,707,007</b>	<b>2,720,771</b>	<b>2,731,785</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,121,600</b>	<b>\$ 4,492,945</b>	<b>\$ 5,145,113</b>	<b>\$ 4,578,706</b>	<b>\$ 4,052,859</b>	<b>\$ 3,296,042</b>	<b>\$ 3,338,001</b>	<b>\$ 2,823,701</b>	<b>\$ 2,707,007</b>	<b>\$ 2,720,771</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 355,186</b>	<b>\$ 811,133</b>	<b>\$ 168,921</b>	<b>\$ 703,297</b>	<b>\$ 987,187</b>	<b>\$ 1,264,510</b>	<b>\$ 941,015</b>	<b>\$ 846,428</b>	<b>\$ 930,296</b>	<b>\$ 230,996</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>93.51%</b>	<b>84.71%</b>	<b>96.82%</b>	<b>86.69%</b>	<b>80.41%</b>	<b>72.27%</b>	<b>78.01%</b>	<b>76.94%</b>	<b>74.42%</b>	<b>92.17%</b>
<b>Covered Payroll</b>	<b>\$ 834,182</b>	<b>\$ 848,803</b>	<b>\$ 852,755</b>	<b>\$ 980,998</b>	<b>\$ 1,027,113</b>	<b>\$ 1,075,934</b>	<b>\$ 1,070,004</b>	<b>\$ 1,185,242</b>	<b>\$ 1,127,808</b>	<b>\$ 1,136,459</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>42.58%</b>	<b>95.56%</b>	<b>19.81%</b>	<b>71.69%</b>	<b>96.11%</b>	<b>117.53%</b>	<b>87.94%</b>	<b>71.41%</b>	<b>82.49%</b>	<b>20.33%</b>

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 916,889	\$ 893,140	\$ 813,981	\$ 784,129	\$ 688,865	\$ 497,085	\$ 506,061	\$ 348,540	\$ 313,177	\$ 229,180
Contributions in relation to the actuarially determined contributions	916,889	893,140	813,981	784,129	688,865	497,781	515,086	348,540	309,540	229,180
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (696)	\$ (9,025)	\$ -	\$ 3,637	\$ -
Covered payroll	\$ 3,078,912	\$ 2,895,666	\$ 2,823,484	\$ 2,578,081	\$ 2,546,016	\$ 2,458,443	\$ 2,603,334	\$ 2,547,084	\$ 2,424,666	\$ 2,329,296
Contributions as a percentage of covered payroll	29.78%	30.84%	28.83%	30.42%	27.06%	20.25%	19.79%	13.68%	12.77%	9.84%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	11.83%	-11.83%	11.41%	9.77%	17.41%	-4.90%	12.93%	6.00%	-3.30%	2.81%

**NON-UNIFORM PENSION PLAN:**

Schedule of Township Contributions	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 306,816	\$ 325,768	\$ 308,846	\$ 323,869	\$ 307,389	\$ 241,221	\$ 241,470	\$ 181,237	\$ 169,648	\$ 143,218
Contributions in relation to the actuarially determined contributions	308,816	325,768	308,846	323,869	307,389	241,221	241,470	181,237	169,075	143,218
Contribution deficiency (excess)	\$ (2,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 573	\$ -
Covered payroll	\$ 863,688	\$ 985,835	\$ 982,991	\$ 1,094,673	\$ 1,110,757	\$ 1,208,116	\$ 1,227,899	\$ 1,191,567	\$ 1,146,812	\$ 1,149,333
Contributions as a percentage of covered payroll	35.76%	33.04%	31.42%	29.59%	27.67%	19.97%	19.67%	15.21%	14.74%	12.46%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	11.63%	-11.45%	9.92%	9.10%	17.40%	-5.03%	12.91%	5.92%	-3.27%	2.82%

See accompanying notes to required supplementary information - pension information

# WEST MANCHESTER TOWNSHIP

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION PENSION INFORMATION

YEAR ENDED DECEMBER 31, 2023

### 1. 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:

Actuarial Assumptions	Police Pension	Non-Uniform Pension
Valuation date	1/1/2021	1/1/2021
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Amortization period	9 years	5 years
Actuarial assets valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	6.0%	6.0%
Project salary increases	4.5% annual increase	4.5% annual increase
Post-retirement benefit increases	None	None
Mortality	Pub-2010 Safety, Scale: MP-2020	Pub-2010, Scale: MP-2020

#### Significant Factors Affecting Schedules

During the year ended December 31, 2023 actuarial measurement, the mortality projection scale was updated from Scale MP-2020 to Scale MP-2021.

During the year ended December 31, 2022 actuarial measurement, the Police Plan's salary increases changed from 4.5% with 2023 through 2026 temporarily at 5.0%.

# WEST MANCHESTER TOWNSHIP

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION PENSION INFORMATION

YEAR ENDED DECEMBER 31, 2023

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During the year ended December 31, 2021 actuarial measurement, the Plans' mortality table projection scale was updated from Scale MP-2020 to Scale MP-2021.

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

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

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

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



# WEST MANCHESTER TOWNSHIP

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

	2023*	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>						
Service cost	\$ 37,730	\$ 21,187	\$ 20,000	\$ 21,883	\$ 21,633	\$ 17,888
Interest	8,991	7,292	8,310	18,585	15,293	17,177
Differences between expected and actual experience	-	66,754	-	(137,644)	-	347,974
Changes of assumptions	(88,389)	3,378	12,371	(47,690)	(13,192)	(373,891)
Benefit payments	(9,336)	(6,109)	-	(5,160)	-	(9,003)
<b>Net Changes in Total OPEB Liability</b>	(51,004)	92,502	40,681	(150,026)	23,734	145
<b>Total OPEB Liability - Beginning</b>	436,458	343,956	303,275	453,301	429,567	429,422
<b>Total OPEB Liability - Ending</b>	<u>\$385,454</u>	<u>\$ 436,458</u>	<u>\$ 343,956</u>	<u>\$ 303,275</u>	<u>\$ 453,301</u>	<u>\$ 429,567</u>

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

See accompanying notes to required supplementary information - OPEB information

# WEST MANCHESTER TOWNSHIP

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION OPEB INFORMATION

YEAR ENDED DECEMBER 31, 2023

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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	1/1/2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	4.26%
Inflation rate	3.00%
Healthcare cost trend rates	7.00% in 2023; 6.50% in 2024; 6.25% in 2025; 6.00% in 2026; 5.75% in 2027; 5.50% in 2028; 5.25% in 2029; 5.00% in 2030; 4.75% in 2031; and 4.50% in 2032 and later
Mortality	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021
Salary increases	2.50%

#### Changes in Actuarial Assumptions

The discount rate changed from 2.06% to 4.26% in the January 1, 2022 actuarial valuation, based on a measurement date of December 31, 2023.

The discount rate changed from 2.12% to 2.06% in the January 1, 2022 actuarial valuation. In addition, changes were made to the mortality improvement scale and medical trend rates.

The discount rate changed from 2.74% to 2.12% in the January 1, 2020 actuarial valuation, based on a measurement date of December 31, 2020. In addition, changes were made to the mortality improvement scale.

# WEST MANCHESTER TOWNSHIP

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION OPEB INFORMATION

YEAR ENDED DECEMBER 31, 2023

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

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

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

### Other Information

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

## **SUPPLEMENTARY INFORMATION**

**WEST MANCHESTER TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	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	\$ -	\$ -	\$ -	\$ 74,246	\$ 73,289	\$ (957)
Investment earnings	3,000	31,654	28,654	400	7,193	6,793
Intergovernmental revenues	635,171	647,983	12,812	-	-	-
Other	-	64,073	64,073	-	-	-
Total revenues	<u>638,171</u>	<u>743,710</u>	<u>105,539</u>	<u>74,646</u>	<u>80,482</u>	<u>5,836</u>
<b>Expenditures:</b>						
Current:						
Public works	617,670	389,816	227,854	74,646	65,998	8,648
Total expenditures	<u>617,670</u>	<u>389,816</u>	<u>227,854</u>	<u>74,646</u>	<u>65,998</u>	<u>8,648</u>
<b>Net Change in Fund Balance</b>	<u>\$ 20,501</u>	<u>\$ 353,894</u>	<u>\$ 333,393</u>	<u>\$ -</u>	<u>\$ 14,484</u>	<u>\$ 14,484</u>
<b>Fund Balance:</b>						
Beginning of year		288,262			123,142	
End of year		<u>\$ 642,156</u>			<u>\$ 137,626</u>	

# WEST MANCHESTER TOWNSHIP

## COMBINING BALANCE SHEET

### NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
<b>Assets</b>			
Cash and cash equivalents	\$ 644,300	\$ 137,230	\$ 781,530
Accounts receivable	-	396	396
<b>Total Assets</b>	<b>\$ 644,300</b>	<b>\$ 137,626</b>	<b>\$ 781,926</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 2,144	\$ -	\$ 2,144
Total Liabilities	2,144	-	2,144
Fund Balance			
Restricted for:			
Public works	642,156	137,626	779,782
Total Fund Balance	642,156	137,626	779,782
<b>Total Liabilities and Fund Balance</b>	<b>\$ 644,300</b>	<b>\$ 137,626</b>	<b>\$ 781,926</b>

# WEST MANCHESTER TOWNSHIP

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

### NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds		Total
	Liquid Fuels	Street Lighting Tax	
<b>Revenues:</b>			
Taxes	\$ -	\$ 73,289	\$ 73,289
Investment earnings	31,654	7,193	38,847
Intergovernmental revenues	647,983	-	647,983
Other	64,073	-	64,073
	<u>743,710</u>	<u>80,482</u>	<u>824,192</u>
<b>Expenditures:</b>			
Current:			
Public works	389,816	65,998	455,814
	<u>389,816</u>	<u>65,998</u>	<u>455,814</u>
<b>Net Change in Fund Balance</b>	<u>353,894</u>	<u>14,484</u>	<u>368,378</u>
<b>Fund Balance:</b>			
Beginning of year	288,262	123,142	411,404
End of year	<u>\$ 642,156</u>	<u>\$ 137,626</u>	<u>\$ 779,782</u>

# WEST MANCHESTER TOWNSHIP

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

DECEMBER 31, 2023

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
<b>Assets</b>				
Investments	\$ 14,797,701	\$ 5,121,425	\$ 303,764	\$ 20,222,890
Accounts receivable	280	-	-	280
Due from other funds	-	175	-	175
<b>Total Assets</b>	<b>14,797,981</b>	<b>5,121,600</b>	<b>303,764</b>	<b>20,223,345</b>
<b>Liabilities</b>				
Due to other funds	175	-	-	175
<b>Total Liabilities</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>175</b>
<b>Net Position</b>				
Restricted for pension benefits	\$ 14,797,806	\$ 5,121,600	\$ 303,764	\$ 20,223,170



# WEST MANCHESTER TOWNSHIP

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

YEAR ENDED DECEMBER 31, 2023

	Police Pension Fund	Non-Uniform DB Pension Fund	Non-Uniform DC Pension Fund	Total
<b>Additions:</b>				
<hr/>				
Contributions:				
Employer	\$ 916,889	\$ 308,816	\$ 45,871	\$ 1,271,576
Employee	159,665	17,329	27,719	204,713
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions	1,076,554	326,145	73,590	1,476,289
	<hr/>	<hr/>	<hr/>	<hr/>
Investment earnings:				
Interest and dividends	237,514	87,080	-	324,594
Net appreciation of fair value of investments	1,354,179	456,873	21,986	1,833,038
	<hr/>	<hr/>	<hr/>	<hr/>
Total investment earnings (losses)	1,591,693	543,953	21,986	2,157,632
	<hr/>	<hr/>	<hr/>	<hr/>
Less: investment expense	(72,616)	(25,146)	-	(97,762)
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment earnings (losses)	1,519,077	518,807	21,986	2,059,870
	<hr/>	<hr/>	<hr/>	<hr/>
Total additions	2,595,631	844,952	95,576	3,536,159
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deductions:</b>				
<hr/>				
Benefit payments	729,056	213,597	8,632	951,285
Administrative expense	2,720	2,700	101	5,521
	<hr/>	<hr/>	<hr/>	<hr/>
Total deductions	731,776	216,297	8,733	956,806
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Change in Plan Net Position</b>	1,863,855	628,655	86,843	2,579,353
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Position:</b>				
<hr/>				
Beginning of year	12,933,951	4,492,945	216,921	17,643,817
	<hr/>	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 14,797,806</u>	<u>\$ 5,121,600</u>	<u>\$ 303,764</u>	<u>\$ 20,223,170</u>