

COMPLIANCE AUDIT

Manchester Township Non-Uniformed Pension Plan York County, Pennsylvania For the Period January 1, 2015 to December 31, 2018

December 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Board of Township Supervisors
Manchester Township
York County
York, PA 17406

We have conducted a compliance audit of the Manchester Township Non-Uniformed Pension Plan for the period January 1, 2015 to December 31, 2018. We also evaluated compliance with some requirements subsequent to that period when possible. The audit was conducted pursuant to authority derived from Section 402(j) of Act 205 and in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to determine if the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies.

Our audit was limited to the areas related to the objective identified above. To determine whether the pension plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, our methodology included the following:

- We determined whether state aid was properly determined and deposited in accordance with Act 205 requirements by verifying the annual deposit date of state aid and determining whether deposits were made within 30 days of receipt for all years within the period under audit.
- We determined whether annual employer contributions were calculated and deposited in accordance with the plan's governing document and applicable laws and regulations by examining the municipality's calculation of the plan's annual financial requirements and minimum municipal obligation (MMO) and comparing these calculated amounts to amounts actually budgeted and deposited into the pension plan as evidenced by supporting documentation.

- We determined whether annual employee contributions were calculated, deducted, and deposited into the pension plan in accordance with the plan's governing document and applicable laws and regulations by testing total members' contributions on an annual basis using the rates obtained from the plan's governing document in effect for all years within the period under audit and examining documents evidencing the deposit of these employee contributions into the pension plan.
- We determined whether retirement benefits calculated for all five of the plan members who retired during the current audit period represent payments to all (and only) those entitled to receive them and were properly determined and disbursed in accordance with the plan's governing document, applicable laws and regulations by recalculating the amount of the monthly pension benefit due to retired individuals and comparing these amounts to supporting documentation evidencing amounts determined and actually paid to recipients.
- We determined whether the January 1, 2015 and January 1, 2017 actuarial valuation reports were prepared and submitted by March 31, 2016 and 2018, respectively, in accordance with Act 205 and whether selected information provided on these reports is accurate, complete, and in accordance with plan provisions to ensure compliance for participation in the state aid program by comparing selected information to supporting source documentation.
- We determined whether the terms of the contractual agreement with the Pennsylvania Municipal Retirement System were in accordance with the plan's governing document, if separately stated, and applicable laws and regulations by comparing the terms of the contractual agreement with the plan's governing document, if separately stated, and applicable laws and regulations.

The Manchester Township Non-Uniformed Pension Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report, copies of which are available from the PMRS accounting office. PMRS's financial statements were not audited by us and, accordingly, we express no opinion or other form of assurance on them.

Township officials are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Manchester Township Non-Uniformed Pension Plan is administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies. In conducting our audit, we obtained an understanding of the township's internal controls as they relate to the township's compliance with those requirements and that we considered to be significant within the context of our audit objective, and assessed whether those significant controls were properly designed and implemented. Additionally and as previously described, we tested transactions, assessed official actions, performed analytical procedures, and interviewed selected officials to provide reasonable

assurance of detecting instances of noncompliance with legal and regulatory requirements or noncompliance with provisions of contracts, administrative procedures, and local ordinances and policies that are significant within the context of the audit objective.

The results of our procedures indicated that, in all significant respects, the Manchester Township Non-Uniformed Pension Plan was administered in compliance with applicable state laws, regulations, contracts, administrative procedures, and local ordinances and policies, except as noted in the following findings further discussed later in this report:

Finding No. 1 – Ordinance Improperly Amended By Resolution

Finding No. 2 – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid

Finding No. 3 – Failure To Properly Fund Members' Accounts

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information or conclude on it and, accordingly, express no form of assurance on it.

The contents of this report were discussed with officials of Manchester Township and, where appropriate, their responses have been included in the report. We would like to thank township officials for the cooperation extended to us during the conduct of the audit.

November 20, 2019



EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.). The Act established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system state aid and of every municipal pension plan and fund in which general municipal pension system state aid is deposited.

Annual state aid allocations are provided from a 2 percent foreign (out-of-state) casualty insurance premium tax, a portion of the foreign (out-of-state) fire insurance tax designated for paid firefighters and any investment income earned on the collection of these taxes. Generally, municipal pension plans established prior to December 18, 1984, are eligible for state aid. For municipal pension plans established after that date, the sponsoring municipality must fund the plan for three plan years before it becomes eligible for state aid. In accordance with Act 205, a municipality's annual state aid allocation cannot exceed its actual pension costs.

In addition to Act 205, the Manchester Township Non-Uniformed Pension Plan is also governed by implementing regulations adopted by the former Public Employee Retirement Commission published at Title 16, Part IV of the Pennsylvania Code and applicable provisions of various other state statutes including, but not limited to, the following:

Act 15 - Pennsylvania Municipal Retirement Law, Act of February 1, 1974
(P.L. 34, No. 15), as amended, 53 P.S. § 881.101 et seq.

The Manchester Township Non-Uniformed Pension Plan is a single-employer defined benefit pension plan for active members hired prior to July 1, 2011, and a cash balance pension plan for active members hired on or after July 1, 2011, locally controlled by the provisions of Ordinance No. 2012-02, as amended, adopted pursuant to Act 15. The plan was established March 1, 1977. Active members hired prior to July 1, 2011 are required to contribute 3 percent of compensation to the plan. Active members hired on or after July 1, 2011 are required to contribute 3.5 percent of their compensation to the plan. In addition, for members hired on or after July 1, 2011, the municipality is required to contribute one hundred dollars (\$100) to each member's account per quarter of credited service earned during the quarter or an amount equal to a portion of the member's actual credited service earned during the quarter. As of December 31, 2018, the non-uniformed pension plan had 20 active members (13 defined benefit, 7 cash balance participants), 3 terminated members eligible for vested benefits in the future, and 13 retirees receiving benefits.

BACKGROUND – (Continued)

As of December 31, 2018, selected defined benefit plan provisions are as follows:

Eligibility Requirements:

Normal Retirement	Available upon attainment of age 60.
Early Retirement	A voluntary early retirement is available after 20 years of service. An involuntary early retirement is available after 8 years of service.
Vesting	100% vesting available after 10 years of service.

Retirement Benefit:

Benefit equals 1.8% times credited service times Final Average Salary (FAS) but in no event is the basic benefit greater than 75% of FAS. A separate annuity is provided by optional member contributions. FAS based upon final 3 years annualized salary. There is no Social Security offset.

Survivor Benefit:

If eligible to retire at the time of death, beneficiary receives present value of accrued benefit. At retirement, member may select a survivor benefit.

Disability Benefit:

Service Related	A 50% disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service.
Non-service Related	A 30% disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Ordinance Improperly Amended By Resolution

Condition: The pension plan’s governing document, Ordinance No. 2012-12, was amended by Resolution No. 2016-08.

Criteria: In Wynne v. Lower Merion Township, 181 Pa. Superior Ct., 524, the Pennsylvania Superior Court held that an ordinance may be amended only by another ordinance and not by a resolution.

Cause: Municipal officials were not aware that a resolution cannot amend an ordinance.

Effect: The failure to properly adopt the restated plan document could result in inconsistent or improper benefit calculations and incorrect benefit payments from the pension plan.

Recommendation: We recommend that the township amend the plan’s governing document with a properly executed ordinance.

Management’s Response: Municipal officials agreed with the finding without exception and indicated that they will take appropriate action to comply with the recommendation upon receipt of the audit report.

Auditor’s Conclusion: Compliance will be evaluated during our next audit of the plan.

Finding No. 2 – Incorrect Data On Certification Form AG 385 Resulting In An Underpayment Of State Aid

Condition: The township failed to certify 3 eligible non-uniformed employees (3 units) and understated payroll by \$109,639 on the Certification Form AG 385 filed in 2018. The township also failed to certify 3 eligible non-uniformed employees (3 units) and 1 eligible firefighter (2 units) and understated total payroll by \$76,508, on the Certification Form AG 385 filed in 2019. The data contained on these certification forms is based on prior calendar year information.

Criteria: Pursuant to Act 205, at Section 402(e)(2), an employee who has been employed on a full-time basis for at least six consecutive months and has been participating in a pension plan during the certification year is eligible for certification.

Cause: Plan officials failed to establish adequate internal control procedures to ensure the accuracy of the data certified.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Effect: The data submitted on these certification forms is used, in part, to calculate the state aid due to the municipality for distribution to its pension plans. Because the township’s state aid allocations were based on unit value, the township received a total underpayment of state aid as identified below:

<u>Year</u>	<u>Type Of Plan</u>	<u>Units Understated</u>	<u>Unit Value</u>	<u>State Aid Underpayment</u>
2018	Non-Uniformed	3	\$ 4,684	<u>\$ 14,052</u>
2019	Non-Uniformed Firefighter’s	3 2	5,121 5,121	<u>15,363</u> <u>10,242</u>
			Total	<u>25,605</u>
			Total Underpayment of State Aid	<u><u>\$ 39,657</u></u>

Although the township will be reimbursed for the underpayment of state aid due to the township’s certification errors, the full amount of the 2018 and 2019 state aid allocations was not available to be deposited timely and therefore resulted in the township having to make additional municipal contributions in order to meet the plan’s minimum funding obligation.

Recommendation: We recommend that in the future, plan officials establish adequate internal control procedures, such as having at least two people review the data certified, to ensure compliance with the instructions that accompany Certification Form AG 385 to assist them in accurately reporting the required pension data.

Management’s Response: Municipal officials agreed with the finding without exception and indicated that they will take appropriate action to comply with the recommendation upon receipt of the audit report.

Auditor’s Conclusion: Compliance will be evaluated during our next audit of the plan.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – Failure To Properly Fund Members’ Accounts

Condition: The township did not properly fund the accounts of all participants (2 members in 2016, 1 member in 2017 and 1 member in 2018) in the cash balance portion of its non-uniformed pension plan in accordance with the plan document, as illustrated below:

<u>Employee Hire Date</u>	<u>2016 Actual Contributions</u>	<u>2016 Required Contributions</u>	<u>Contributions Due</u>
02/01/16	\$ -	\$ 166	\$ 166
11/23/15	-	242	242
		Total	<u><u>\$ 408</u></u>

<u>Employee Hire Date</u>	<u>2017 Actual Contributions</u>	<u>2017 Required Contributions</u>	<u>Contributions Due</u>
04/10/17	\$ -	\$ 97	<u><u>\$ 97</u></u>

<u>Employee Hire Date</u>	<u>2018 Actual Contributions</u>	<u>2018 Required Contributions</u>	<u>Contributions Due</u>
04/10/17	\$ 300	\$ 400	<u><u>\$ 100</u></u>
		Total Contribution Due	<u><u>\$ 605</u></u>

Criteria: The plan’s governing document at Section 9.1(b), states in part:

For Members hired on or after July 1, 2011, the Municipality shall contribute one hundred dollars (\$100) to each Member’s Account per quarter in accordance with the Board’s policy regarding the treatment of member contributions.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

In addition, the plan’s governing document at Section 9.1(c), states:

For Members hired on or after July 1, 2011, who do not earn Credited Service for the full quarter, the Municipality shall contribute an amount equal to a portion of the Member’s actual Credited Service earned during the quarter.

Cause: Plan officials failed to establish adequate internal control procedures to ensure that all plan members’ accounts were properly funded in accordance with its plan document.

Effect: The failure to properly allocate contributions to participating members’ accounts may result in certain plan members being denied benefits to which they are entitled in accordance with the plan’s governing document.

Recommendation: We recommend that the township review the applicable members’ accounts and make the adjustments deemed necessary to ensure that they are properly funded in accordance with the provisions contained in the plan’s governing document.

We also recommend that plan officials implement adequate internal control procedures to ensure that members’ accounts are properly funded in the future, in accordance with the provisions contained in the plan’s governing document.

Management’s Response: Municipal officials agreed with the finding without exception and indicated that they will take appropriate action to comply with the recommendation upon receipt of the audit report.

Auditor’s Conclusion: Compliance will be evaluated during our next audit of the plan.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
DEFINED BENEFIT
(UNAUDITED)

The supplementary information contained on Pages 7 through 10 reflects the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans* for the Defined Benefit Tier of the pension plan. The objective of this statement is to improve financial reporting by state and local governmental pension plans.

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 135,250	\$ 125,705
Interest	259,390	270,822
Difference between expected and actual experience	(70,462)	(3,258)
Changes of assumptions	-	6,548
Benefit payments, including refunds of member contributions	(94,715)	(112,266)
Net Change in Total Pension Liability	<u>229,463</u>	<u>287,551</u>
Total Pension Liability – Beginning	4,627,650	4,857,113
Total Pension Liability – Ending (a)	<u>\$ 4,857,113</u>	<u>\$ 5,144,664</u>
Plan Fiduciary Net Position		
Contributions – employer	\$ 130,338	\$ 170,201
Contributions – PMRS assessment	-	640
Contributions – member	34,046	32,653
PMRS investment income	224,422	247,387
Market value investment income	3,391	(268,492)
Benefit payments, including refunds of member contributions	(94,715)	(112,266)
PMRS administrative expense	(640)	(640)
Additional administrative expense	(8,607)	(10,313)
Net Change in Plan Fiduciary Net Position	<u>288,235</u>	<u>59,170</u>
Plan Fiduciary Net Position – Beginning	4,048,108	4,336,343
Plan Fiduciary Net Position – Ending (b)	<u>\$ 4,336,343</u>	<u>\$ 4,395,513</u>
Net Pension Liability – Ending (a-b)	<u>\$ 520,770</u>	<u>\$ 749,151</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.28%	85.44%
Estimated Covered Employee Payroll	\$ 1,170,629	\$ 1,079,454
Net Pension Liability as a Percentage of Covered Employee Payroll	44.49%	69.40%

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
DEFINED BENEFIT
(UNAUDITED)

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

	<u>2016</u>	<u>2017</u>
Total Pension Liability		
Service cost	\$ 109,499	\$ 111,673
Interest	284,189	293,803
Difference between expected and actual experience	61,617	-
Changes of assumptions	150,018	-
Transfers	-	(14,491)
Benefit payments, including refunds of member contributions	(175,060)	(166,317)
Net Change in Total Pension Liability	<u>430,263</u>	<u>224,668</u>
Total Pension Liability – Beginning	5,144,664	5,574,927
Total Pension Liability – Ending (a)	<u>\$ 5,574,927</u>	<u>\$ 5,799,595</u>
Plan Fiduciary Net Position		
Contributions – employer	\$ 153,813	\$ 146,489
Contributions – PMRS assessment	640	640
Contributions – member	31,197	30,531
PMRS investment income	256,589	261,110
Market value investment income	142,958	583,834
Transfers	-	(14,491)
Benefit payments, including refunds of member contributions	(175,060)	(166,317)
PMRS administrative expense	(640)	(640)
Additional administrative expense	(12,571)	(12,008)
Net Change in Plan Fiduciary Net Position	<u>396,926</u>	<u>829,148</u>
Plan Fiduciary Net Position – Beginning	4,395,513	4,792,439
Plan Fiduciary Net Position – Ending (b)	<u>\$ 4,792,439</u>	<u>\$ 5,621,587</u>
Net Pension Liability – Ending (a-b)	<u>\$ 782,488</u>	<u>\$ 178,008</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.96%	96.93%
Estimated Covered Employee Payroll	\$ 991,896	\$ 944,450
Net Pension Liability as a Percentage of Covered Employee Payroll	78.89%	18.85%

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT
 (UNAUDITED)

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of the township as of December 31, 2014 and 2015, calculated using the discount rate of 5.50%, as well as what the township's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>1% Decrease (4.50%)</u>	<u>Current Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Net Pension Liability – 12/31/14	\$ 1,095,061	\$ 520,770	\$ 25,914
Net Pension Liability – 12/31/15	\$ 1,358,859	\$ 749,151	\$ 226,026

In addition, the following presents the net pension liability of the township as of December 31, 2016 and 2017, calculated using the discount rate of 5.25%, as well as what the township's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>1% Decrease (4.25%)</u>	<u>Current Discount Rate (5.25%)</u>	<u>1% Increase (6.25%)</u>
Net Pension Liability – 12/31/16	\$ 1,443,158	\$ 782,488	\$ 214,973
Net Pension Liability – 12/31/17	\$ 865,302	\$ 178,008	\$ (412,378)

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT
 (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll*	Contributions as a Percentage of Covered- Employee Payroll*
2014	\$ 130,337	\$ 130,338	\$ (1)	\$ 1,170,629	11.13%
2015	170,751	170,841	(90)	1,079,454	15.83%
2016	154,453	154,453	-	991,896	15.57%
2017	146,357	147,129	(772)	944,450	15.58%
2018	154,337	154,337	-		

* Due to the timing of this audit, covered-employee payroll for 2018 was not provided in this schedule.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT
 (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Historical trend information about the plan is presented herewith as supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially. The historical information, beginning as of January 1, 2013, is as follows:

	(1)	(2)	(3)	(4)
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
01-01-13	\$ 3,812,591	\$ 4,348,813	\$ 536,222	87.7%
01-01-15	4,417,001	4,857,113	440,112	90.9%
01-01-17	5,126,311	5,574,927	448,616	92.0%

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
SUPPLEMENTARY INFORMATION
DEFINED BENEFIT
(UNAUDITED)

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (Column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 NOTES TO SUPPLEMENTARY SCHEDULES
 DEFINED BENEFIT
 (UNAUDITED)

The information presented for the defined benefit tier in the supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation date follows:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	7 years
Asset valuation method	The Actuarial Value of Assets equals the plan's member, municipal, DROP (if applicable) reserve accounts plus the retiree actuarial liability. This asset smoothing is based on the unique legislative structure of PMRS and the administrative rules adopted by the PMRS Board in conjunction with Pennsylvania Municipal Retirement Law, all of which are subject to comply with the Actuarial Standards of Practice No. 44, Selection and Use of Asset Valuation Methods when defining the actuarial Value of Assets.

Actuarial assumptions:

Investment rate of return	5.25%, compounded annually, net of investment and administration expenses
Salary scale	Total rate (including inflation) (e.g. age 25 – 7.05%; age 35 – 4.55%; age 45 – 3.97%; age 55 – 3.44%; age 65 – 2.80%)
Cost-of-living adjustments	2.8% per year, subject to plan limitations

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 CASH BALANCE
 (UNAUDITED)

The supplementary information contained on Pages 14 and 15 reflects the implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans* for the cash balance tier of the plan. The objective of this statement is to improve financial reporting by state and local governmental pension plans.

SCHEDULE OF CHANGES IN THE NET PENSION
 LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Total Pension Liability		
Service cost	\$	3,331
Interest		64
		3,395
Net Change in Total Pension Liability		3,395
Total Pension Liability – Beginning		-
Total Pension Liability – Ending (a)	\$	3,395
Plan Fiduciary Net Position		
Contributions – employer	\$	800
Contributions – PMRS assessment		40
Contributions – member		2,531
PMRS investment income		64
Market value investment income		163
Additional administrative expense		(3)
		3,595
Net Change in Plan Fiduciary Net Position		3,595
Plan Fiduciary Net Position – Beginning		-
Plan Fiduciary Net Position – Ending (b)	\$	3,595
Net Pension Liability – Ending (a-b)	\$	(200)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		105.89%
Estimated Covered Employee Payroll	\$	71,379
Net Pension Liability as a Percentage of Covered Employee Payroll		(0.28%)

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
 SUPPLEMENTARY INFORMATION
 CASH BALANCE
 (UNAUDITED)

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of the township as of December 31, 2017, calculated using the discount rate of 5.25%, as well as what the township's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability	\$ 479	\$ (200)	\$ (879)

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
SUMMARY OF DEPOSITED STATE AID AND EMPLOYER CONTRIBUTIONS
(CASH BALANCE

Year Ended December 31	State Aid	Employer Contributions
2017	None	\$ 800
2018	None	1,440

Note: The cash balance plan was established effective July 1, 2011. However, there were no plan members until 2017.

MANCHESTER TOWNSHIP NON-UNIFORMED PENSION PLAN
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

Ms. Lisa Wingert
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Mr. Rodney Brandstedter
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Ms. Charity Rosenberry, CPA
Pennsylvania Municipal Retirement System

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