

LIMERICK TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2018



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

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 Limerick Township as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Limerick Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Limerick Township as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2018, Limerick Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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



Oaks, Pennsylvania
May 23, 2019

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

As management of Limerick Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Limerick Township for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which begin with the statement of net position on page 26.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's 2018 financial statements. The Township's 2018 financial statements comprise five components: (1) independent auditors' report, (2) management's discussion and analysis, (3) government-wide financial statements, (4) fund financial statements and (5) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Independent Auditors' Report

The *independent auditors' report* briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position.

Management's Discussion and Analysis (MD&A)

Management's discussion and analysis, prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The *MD&A* also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances in a manner similar to a private-sector business. The government-wide financial statements include the *statement of net position* found on page 26 and *the statement of activities* found on page 27 of this report.

The government-wide financial statements divide the Township into two types of activities:

Governmental Activities - Functions of the Township that are principally supported by taxes and intergovernmental revenues. The *governmental activities* of the Township include general government, public safety (police, fire emergency management and code enforcement), public works, highways and streets, planning and land development and culture and recreation.

Business-Type Activities - Functions of the Township that attempt to recover all or a significant portion of its costs through user fees and charges. The Sewer Operating and Sewer Capital Funds are reported here.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information is useful in evaluating the Township's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *governmental activities*.

The Township maintains nine individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Reserve Fund, Fire Protection Fund, the Recreation Fund, and the Debt Service fund, which are all considered to be major funds. The remaining five funds are aggregated into one column and are labeled "Other Governmental Funds." ("Other Governmental Funds" are detailed on pages 77 and 78 in the Supplementary Information Section of this report.)

The basic Governmental Funds financial statements can be found on pages 28 through 31 of this report.

Proprietary Fund - Services for which the Township charges a fee are generally reported in the Proprietary Fund. The Proprietary Fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Proprietary Fund is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

The Proprietary Fund financial statements can be found on pages 32 through 34 of this report.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The Township's Fiduciary Funds include two Pension Trust Funds (the Police Pension Fund and the Non-Uniform Employees' Pension Fund) and two Agency Funds.

The Fiduciary Funds financial statements can be found on pages 35 and 36 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37 through 67 of this report.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* for the Township. The Township's budget policy and budgetary comparison statement for the General Fund can be found under required supplementary information. The budgetary comparison statement for the General Fund demonstrates compliance of the budget.

Required supplementary information can be found on pages 68 through 76 of this report. Additional information that management has determined useful for the readers of this report can be found in the Supplementary Information Section found on pages 77 through 80.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the summary of net position (as shown on the next page) may serve over time as a useful indicator of the Township's financial position. The Township's total net position was \$111,587,232 at the close of December 31, 2018, which represents an increase of \$39,922,204 from the previous year restated net position. Current and other assets increased by \$53,227,942 which is primarily due to the sale of the sewer operations to Aqua of PA. A decrease of \$587,766 in the Business-Type Activities current assets was the result of only seven months of sewer billing in 2018 as compared to a full year in 2017. This was offset by a substantial increase in the current assets of the Governmental Activities due to the receipt of the proceeds from the sale of the sewer system.

Capital assets, net, decreased by \$28,734,510, the result of the sale of the sewer assets valued at \$38 million offset by the capitalization of the new municipal complex at \$9.6 million.

The Township's investment in capital assets, \$38,738,404 or 35% of total net position, reflects the current book value (cost less accumulated depreciation) of land, buildings, machinery and equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

The other portion of the Township's net position, \$71,988,695 or 65% is unrestricted net position and may be used to meet the Township's ongoing obligations to citizens and creditors. A majority of these assets have been earmarked for future capital improvements. The net proceeds from the sewer sale after paying off all debt were in excess of \$58 million. These assets have been invested for future capital projects as outlined in resolution 2018-37. The Board determines the amounts designated for capital improvements through the budget process. They may at any time, through a process outlined in the Second Class Township Code, reclassify these assets for other uses.

The final portion of the Township's net position, \$860,133 represents resources that are subject to external restrictions on how they may be used. This includes net position of the Highway Aid Fund and Community Development Block Grant Fund as well as debt service accounts and developer deposits.

At December 31, 2018, the Township is able to report positive balances in all three categories of net position for the Township as a whole and also in the activities of its primary component unit.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2017-2018
	2018	2017	2018	2017	2018	2017	
ASSETS							
Current and other assets	\$ 71,345,825	\$ 17,530,117	\$ 6,451,108	\$ 7,038,874	\$ 77,796,933	\$ 24,568,991	216.65%
Capital assets	38,806,395	32,455,234	-	35,085,671	38,806,395	67,540,905	-42.54%
TOTAL ASSETS	110,152,220	49,985,351	6,451,108	42,124,545	116,603,328	92,109,896	26.59%
DEFERRED OUTFLOWS OF RESOURCES							
	1,741,098	1,286,283	-	56,647	1,741,098	1,342,930	29.65%
LIABILITIES							
Other liabilities	1,315,979	3,618,513	411	266,588	1,316,390	3,885,101	-66.12%
Long-term liabilities	4,899,599	10,849,925	-	6,210,914	4,899,599	17,060,839	-71.28%
TOTAL LIABILITIES	6,215,578	14,468,438	411	6,477,502	6,215,989	20,945,940	-70.32%
DEFERRED INFLOWS OF RESOURCES							
	541,205	971,036	-	-	541,205	971,036	-44.27%
NET POSITION							
Net investment in capital assets	38,738,404	25,302,576	-	28,874,757	38,738,404	54,177,333	-28.50%
Restricted	860,133	1,273,258	-	-	860,133	1,273,258	-32.45%
Unrestricted	65,537,998	9,256,326	6,450,697	6,828,933	71,988,695	16,085,259	347.54%
TOTAL NET POSITION	\$ 105,136,535	\$ 35,832,160	\$ 6,450,697	\$ 35,703,690	\$ 111,587,232	\$ 71,535,850	55.99%

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

The Township's statement of activities shows how the net position changed during the fiscal year 2018. The statement of activities can be found on page 27 of this report (*also see table below*). The table below helps to explain the changes in net position from January 1, 2018 to December 31, 2018, and from January 1, 2017 to December 31, 2017.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
REVENUES							
Program revenues							
Charges for services	\$ 1,811,603	\$ 1,627,141	\$ 1,998,123	\$ 3,848,883	\$ 3,809,726	\$ 5,476,024	-30.43%
Operating grants and contributions	1,577,852	1,524,016	-	-	1,577,852	1,524,016	3.53%
Capital grants and contributions	-	5,145	-	430,536	-	435,681	-100.00%
General revenues							
Taxes, levied for general purposes	9,489,263	9,493,435	-	-	9,489,263	9,493,435	-0.04%
Gain on sale of assets	-	-	40,886,418	-	40,886,418	-	0.00%
Other	1,494,499	352,602	116,935	54,234	1,611,434	406,836	296.09%
TOTAL REVENUES	14,373,217	13,002,339	43,001,476	4,333,653	57,374,693	17,335,992	230.96%
EXPENSES							
General government	2,438,254	2,796,577	-	-	2,438,254	2,796,577	-12.81%
Public safety	7,813,146	7,975,807	-	-	7,813,146	7,975,807	-2.04%
Public works	2,924,738	2,795,482	-	-	2,924,738	2,795,482	4.62%
Culture and recreation	897,062	1,404,209	-	-	897,062	1,404,209	-36.12%
Conservation and development	151,704	112,323	-	-	151,704	112,323	35.06%
Interest on long-term debt	1,920,259	73,333	139,674	125,938	2,059,933	199,271	933.73%
Miscellaneous	156,287	302,375	-	-	156,287	302,375	-48.31%
Water, sewer and parking	-	-	1,011,365	3,497,569	1,011,365	3,497,569	-71.08%
TOTAL EXPENSES	16,301,450	15,460,106	1,151,039	3,623,507	17,452,489	19,083,613	-8.55%
CHANGE IN NET POSITION BEFORE TRANSFERS	(1,928,233)	(2,457,767)	41,850,437	710,146	39,922,204	(1,747,621)	-2384.37%
TRANSFERS	71,103,430	625,000	(71,103,430)	(625,000)	-	-	0.00%
CHANGE IN NET POSITION	69,175,197	(1,832,767)	(29,252,993)	85,146	39,922,204	(1,747,621)	-2384.37%
NET POSITION AT BEGINNING OF YEAR, restated	35,961,338	37,664,927	35,703,690	35,618,544	71,665,028	73,283,471	-2.21%
NET POSITION AT END OF YEAR	\$ 105,136,535	\$ 35,832,160	\$ 6,450,697	\$ 35,703,690	\$ 111,587,232	\$ 71,535,850	55.99%

As shown above, the Township's net position increased by \$39,922,204 from January 1, 2018, and decreased by \$1,747,621 from January 1, 2017.

LIMERICK TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

Governmental Activities

To understand how the net position changed in the governmental activities, you must look at the “Statement of Revenues, Expenditures and Changes in Fund Balances” (page 30) along with the “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities” (page 31).

On page 30, the Governmental Funds are broken down individually to show the “Net Change in Fund Balances” for each fund. The total of these individual changes is \$56,181,264 and it increases the fund balances from January 1, 2018 to December 31, 2018. The total fund balances at December 31, 2018, are \$70,110,664.

The reconciliation on page 31 explains how the Township arrived at the increase in net position of \$69,175,197 of the governmental activities from the Governmental Funds, starting with an increase in fund balances of \$56,181,264.

Below is a table showing the percent of program revenues to expenditures for all the governmental activities.

Expenses and Program Revenues

	2018			2017		
	Expenses	Program Revenues	% of Program Revenues to Expenses	Expenses	Program Revenues	% of Program Revenues to Expenses
General government	\$ 2,438,254	\$ -	0%	\$ 2,796,577	\$ -	0%
Public safety	7,813,146	179,127	2%	7,975,807	190,682	2%
Public works	2,924,738	2,685,051	92%	2,795,482	2,392,248	86%
Culture and recreation	897,062	373,573	42%	1,404,209	461,049	33%
Conservation and development	151,704	151,704	100%	112,323	112,323	100%
Miscellaneous	156,287	-	0%	302,375	-	0%
Interest	1,920,259	-	0%	73,333	-	0%
	<u>\$ 16,301,450</u>	<u>\$ 3,389,455</u>	21%	<u>\$ 15,460,106</u>	<u>\$ 3,156,302</u>	20%

The Township’s governmental activities’ program revenues (charges for services, operating grants and contributions) for each governmental department cover 21% or \$3,389,455 of the expenses in 2018. A slight increase in the percentage from 2017.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2018 budget was adopted in December 2017. This budget assumed the sale of the sewer system would conclude prior to the end of 2017 and therefore did not include a budget for the sewer, sewer capital and debt funds. The sale was not completed by yearend so an amendment (Resolution 2018-12) was necessary to include 2019 budgets for those funds. That budget was then amended three times during the year, in June (Resolution 2018-22), November (Resolution 2018-39) and again in December (Resolution 2018-42). This resulted in budgeted General Fund expenditures exceeding revenues by \$202,029 as compared to \$529,980 use of cash reserves originally budgeted. As of year-end, revenues exceeded the amended budget by \$100,398 and expenditures exceeded the amended budget estimates by \$2,093,407 a result of transfers to the Capital Fund to partially fund the construction costs of the new building. A comparison of budget to actual numbers for the General Fund can be found on page 68 in the Required Supplementary Information Section of this report.

In general, the Township has taken a conservative budgeting approach, which entails estimating revenues on the low side and expenses on the high side of acceptable ranges. It would not be cost-effective to hire experts that can predict more accurately the amount of revenues the Township will collect. By budgeting conservatively, the Township can better manage unexpected events that may arise, such as a sudden drop in the housing market or a catastrophic weather event. Surpluses remaining at the end of the year are either held in cash reserve to be considered part of subsequent budgets or transferred to a capital reserve account for future capital purchases.

Significant budgetary variances between budget and actual results are as follows:

Revenues

- **Taxes:** The tax line item consists of Real Estate Taxes, Real Estate Transfer Taxes, Earned Income Taxes and Local Services Taxes. Overall, taxes collected exceeded the amount budgeted by \$203,804. The largest portion of the Township's real estate tax is accounted for the in General Fund. 2018 millage remained at 1.759 and taxes received were \$2,584,204 slightly higher than the budgeted amount and about \$53,000 more than 2017. Although the Township's assessed value continues to gradually increase (.08% in 2018 and 2017), that increase does not provide a significant increase in taxes. The tax mileage rate was last increased in 2016.

The Township collected \$700,019 in Real Estate Transfer Taxes, \$75,000 more than the budgeted amount of \$625,000. Real Estate Transfer Taxes are based on the dollar volume of real estate sales transacted during the year, which varies greatly from year to year. The current economy has had a great impact on real estate sales. Revenues earned from this tax averaged \$578,000 over the last ten years and \$790,000 over the last three years. This increase is reflective of the increase in residential units being constructed within the Township. Commercial sales averaged \$230,000 over the last three years. The commercial real estate market is hard to predict on a small scale (Township vs. county wide). Sales of large commercial tracts of land, developed or undeveloped, dramatically impact transfer taxes and many times are not known in advance. For these reasons, the Township has taken the approach to budget this line item conservatively. Eleven commercial properties were sold in 2018 resulting in approximately \$112,000 in transfer taxes. The 2018 original budget was \$625,000 and actual collections in 2017 were \$840,215.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Earned Income Tax is levied at 1% for residents and is shared with the Spring-Ford Area School District. 2018 collections were \$4,490,873 about \$91,000 more than budgeted; and about \$127,000 more than collected in 2017. In keeping with the policy of conservative budgeting, the Township utilizes annual budget estimates from Berkheimer Associates and receives periodic updates used for future budget amendments.

The Local Services Tax is a flat rate of \$52 charged to all persons working in Limerick who earn in excess of \$12,000 annually. Collections in 2018 were slightly higher than the budgeted amount by about \$9,000 and were approximately \$18,000 less than the 2017 collections that included non-resident collections for projects at Exelon and the final payments for the John Middleton company.

- **Fees, Licenses and Permits:** This category includes Cable Franchise fees and licenses, fees and permits related to construction. The 2018 original budget was \$978,140, the amended budget was \$1,214,159 and actual revenues were \$1,255,772, an increase of \$41,613 from the amended budget. The budget for the CATV fees was reduced by \$30,000 due to a reduction in the number of cable customers as streaming becomes more popular. The increase in actual versus the original budget is primarily related to the increase of \$227,000 in residential permit fees. 103 new residential permits were issued for three development projects in 2018.

Expenses

- **General Government:** The General Government category includes Township Administration, Tax Collection, Legal, Engineering, Technology and Facilities Management. Total expenses of \$2,044,241 were in line with the final budget and about \$140,000 greater than the original budget. Approximately \$80,000 of that increase was due to Building Maintenance costs to run the new township municipal building as well as the temporary offices.
- **Public Safety:** The Public Safety category includes Police, Code Enforcement and Fire Safety and Planning and Zoning account groups. This category accounts for 60% of the General Fund budget. Combined expenses in these groups were \$6,220,546 in 2018 about \$87,000 under the amount budgeted, mostly attributed to the retirement of an officer and that position not immediately filled.
- **Public Works:** The work accounted for in the Public Works Department includes snow removal, recycling, traffic signal maintenance, electricity for streetlights, repairs and maintenance to trucks and equipment, highway reconstruction and maintenance and repair of roads. These expenses account for about 20% of the general fund budget. Overall, public works expenditures were about \$16,000 less than the 2018 budget.
- **Miscellaneous:** Miscellaneous expenditures include Property and Liability Insurances and Contributions. 2018 expenses of \$146,226 were \$50,000 less than budgeted amounts. The annual budget includes a contribution to the post retirement reserve of \$50,000 however this is not expenditure for GAAP purposes, so not reflected in the actual amounts.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

SEWER FUND BUDGETARY HIGHLIGHTS

The Sewer Operating Fund provides for the day-to-day operations of the sewer facilities. The sewer system includes two plants, 17 operating pump stations and 103 miles of sewer lines servicing approximately 5,500 customers. Staffing includes six operators and two administrative personnel. The Sewer Capital Fund collects the sewer connection fees paid by developers to be used for future capital projects. The connection fees can vary widely from year to year depending on the amount of development activity in the service area. Together, these funds are reported as the Proprietary Fund.

As previously stated, the original budget did not include the sewer funds because it was anticipated that the sale to Aqua would conclude in 2017. That did not happen, so the budget was reopened in January 2018 and a full year's worth of sewer revenue and expenditures were included in the budget. The sale of the sewer operations to Aqua Pennsylvania was finalized in July 2018 for sales price of \$75,100,000. The final budget was revised to reflect seven months of revenue and expenditures.

Operating Revenues

Charges for services total \$1,998,123 slightly above the 2018 final budget. Of this total, sewer rental charges for the seven months were \$1,575,051 as compared to \$1,562,523 budgeted. The balance is Tapping Fees of \$420,441. There were 86 new EDUs purchased in 2018; 50 for a new townhouse development at 292 West Ridge Pike and 32 for new homes in the Lennar project at Metka Road. Note that all EDUs collected since the signing of the sewer sales agreement in November 2016 - \$506,730 - were credited during the final settlement.

Operating Expenses

Total operating expenses for the seven months of operation by the township were \$1,011,365.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) typically include interest and investment revenue and debt interest expense. In 2018, also included is the Gain on the Sale of the Sewer system of \$40,886,418.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's capital assets as of December 31, 2018, were \$38,806,395 (net of accumulated depreciation), a decrease of \$28,734,510 from 2017. This includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads, sewer systems and traffic signals. The reduction is due to the sale of the sewer system assets in July 2018.

Current Year Major Additions

Building and Building Improvements - Governmental Activities

The Board of Supervisors authorized a contract for architectural services to design a new police and administration building in February 2016, the project was put out to bid in November 2016 and construction began in early 2017. The building was completed in early August 2018 at a cost of \$9,606,299. The overall budget for construction and soft costs came in under budget by approximately \$500,000.

LIMERICK TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Machinery and Equipment

The total additions for machinery and equipment include \$525,000 of furniture, storage, AV equipment, telephones and appliances for the new municipal building. In addition, the following assets were purchased:

- Replacement vehicles with equipment - (5- police)\$250,894
- Road Mower with sweeper and plow\$163,337
- Replacement truck - 1 (public works – F550 dump with plow and spreader)\$89,743
- Replacement – Skid Steer.....\$63,831
- Replacement truck - 1(public works – F350 with plow)\$52,519
- Replacement trailers (2)..... \$32,260
- Truck Mounted Attenuator\$22,714

Infrastructure – 2018 additions included a traffic signal at Ridge Pike and North and South Limerick Roads at a cost of \$423,023 and a small road segment of Tristen Way valued at \$78,518.

The Finance Department maintains a detailed listing of all capital assets and depreciation schedules.

Long-Term Debt

At December 31, 2018, the Township's long-term debt was \$67,991. This total represent debt held in the governmental activities for emergency radios. Radios were financed over 5 years through Montgomery County and will be paid off in 2020.

During 2018, the Township repaid all of its outstanding bonds and notes payable in the governmental activities and the business-type activities, a total of \$15,537,000, with proceeds from the sale of the sewer system.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Economic Factors

The Township services an area of 22.39 square miles and a community of 19,000 residents. The Township is located in the southwestern part of Montgomery County, approximately 30 miles from Philadelphia. Two main road arteries, Route 422 and Ridge Pike, run through Limerick Township, making the Township a desirable and convenient place to reside.

The Township received an AAA bond rating from Standard and Poor’s in November 2014. Limerick is one of eight townships in the state with this rating.

Next Year’s Budget

Beginning in September, the Township Manager and Finance Director began discussions with each department to map out specific budget requirements. A primary objective is to build on the successes achieved during 2018 and continue to ensure the Township is in a position to meet the challenges of the future. Public reviews occurred on October 2nd, 8th, 16th, and October 23th during both special advertised meetings and regularly scheduled Board of Supervisor meetings. During these meetings, the Board reviewed all departmental projections for the coming year and also affirmed their desire to continue with the principles of the Limerick Township Business Model.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

At the first meeting on October 2nd, the administration reviewed the following assumptions that would be incorporated into the upcoming discussions:

- No increase in taxes will be proposed.
- Tax revenue streams projected to be level from 2018.
- Growth within traditional tax revenue streams will be minimal and primarily from new residents from new development.
- Reassessment appeals are having a negative impact on new real estate tax revenue growth as large-scale commercial properties continue to seek lower real estate taxes.
- Township is projecting consistent building permit revenue streams equal to the last 2-years. Permit revenues may fluctuate upwards or downwards depending on economic trends.
- Increased investment interest revenue is expected as national interest rates continue to trend upwards as the economy remains strong.
- The administration will assess the ongoing operational costs of the new municipal complex throughout 2019 to understand future budget needs.
- Due to the payoff of all Township debt, the real estate millage for the Debt Fund will be reallocated to the General Fund.
- 2018 yearend projections show a surplus after eliminating the original \$841,000 deficit.

As the administration does every year, the budget discussions first offered a “status quo” review of all departmental operations based on previous year levels. This format provides an analysis of the current operations without any additional staffing, programs, or initiatives. The status quo look does, however, determine the effect that routine cost increases will have on the operating budget. Ongoing programs from previous years are also included. Once the Board understands the full scope and costs of existing programs, then a discussion of “Unfunded Requests” is entertained. These requests include additional personnel, programs, or capital costs each department feels is warranted to provide the same or higher levels of service. This format has been used by the administration for many years and has proven to be very successful.

In discussing budget requests with each department, management instructed each to maintain current levels of service for 2019. While the 2019 Budget will only detail operations for the upcoming year, each department was also instructed to begin to look long-term to ensure projections and desired projects and programs fit into future year objectives. During 2019, each department will begin to formulate a five-year operational and capital budget to be discussed with the Board during the 2020 budget meeting in late 2019. Each department was also reminded to adhere to the current principles of the Business Model.

The following is a review of the budget discussions and later in this report a summation of the Board's approved goals and objectives that were established in the 2019 Budget.

Police

With the department now established in the new municipal complex, budget discussions centered on the need to continue current levels of service to the growing community and enhance operational efficiencies so the current force of 30 sworn officers can be held at this level for as long as possible. In reviewing manpower needs Chief Skelton and Lieutenant Matalavage noted their desire to move forward with the hiring of a part-time civilian specialist approved in the 2018 Budget, but not finalized due to the demands of the move into the new building. They discussed the positive effects the additional full-time administrative position, hired in the summer of 2018 has brought to the department.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

As is built into every annual budget, upgrades to the fleet are proposed and a desire to purchase 2 replacement patrol and one new detective vehicle was discussed. In terms of equipment it was noted the departmental budget contains funding for the fourth of five installment payments to the County for the upgraded 911 radios. A new WatchGuard camera was also reviewed for our existing system which downloads police reports and information from the patrol vehicles into our IT system. This software saves officers' time by not having to manually input all data at the end of their shift.

Unfunded Requests – a discussion of a Lexipol software program ensued. As the department continues to expand, the need to maintain updated department-wide policies and procedures is a high priority. Up to this point, a concerted effort has been ongoing with the current and past Chiefs but the process is time consuming and proves difficult to maintain updated policies that change often based on new laws and recommended procedures enacted to guide police departments in the face of changing national issues.

The Lexipol system will provide a complete and updated electronic publication of Limerick's policies and procedures. Once established, the Lexipol team will work with our department in future years to ensure timely updates are completed. The Board was informed that if this new software is approved, it will free up significant resources of the upper command staff and enable them to instead focus on core supervisory tasks.

The Chief discussed the ongoing demands on the department related to traffic safety issues, and proposed the purchase a Jamar Traffic monitoring device and an All Traffic electronic speed detection sign. The Jamar device would be used to study traffic speeds and patterns in areas in which the department receives significant complaints. It would produce a computer readout which would determine if the complaints are valid. The benefit of this device is that it does not require ongoing manpower and can monitor traffic issues without the need for a dedicated officer over an extended period of time. The electronic speed sign acts similar to the large trailer speed board but is smaller in size and provides a greater degree of flexibility. It can easily be installed on utility poles and notifies drivers immediately if they are over the set speed limit.

Also discussed was the desire to purchase a GEO/GPS tracking system for the entire fleet so better reporting can be obtained to understand not only where patrol vehicles are currently located, but can assist all levels of the department with real time investigative data.

Current staffing levels were discussed and it was noted that a new hire would take place in 2019 to replace a 2018 retired officer but the current level of 30 sworn officers should suffice for the next few years. The Board also heard very positive feedback on the benefits of the new building to the department even after only a few months since the move-in, which took place in mid-August.

Public Works

The structure of the department continues to be split into two primary functions: Roads and Park Maintenance. In regard to Road Maintenance, the current staffing of the department was proposed to remain the same for 2019. However, the Board was reminded that continued growth of the township and additional road dedications projected from pending development projects will continue to impact the department.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

In terms of road projects, the department will continue the long-standing road paving program and will look to complete the second portion of Royersford Road from Buckwalter Road to 10th Avenue, as well as, Heffner Road from Sunset to Landis Creek. The proposed recycle and overlay program will be centered on Country Club Road from Linfield Trappe to the Route 422 overpass. The final list of roads to be paved/recycled will be determined at the end of the winter season. All funding for these projects is estimated at approximately \$475,000 and will come from Liquid Fuel Funds received from PennDOT.

The General Fund provides for continuation of our long-standing oil and chip surface treatment program to be funded from in the General Fund at a cost of \$180,000. Although subject to change, the roads projected to be treated in 2019 include Walters Lane, Walnel Drive, Deerfield Road, Sun Valley Drive, Drake Run, Swamp Creek Road, and Metka Road. Also included in the budget is \$5,000 for street sweeping and \$100,000 to cover the reconstruction of the Trinley Road culvert.

No large-scale vehicle replacements are proposed for 2019 but a request for \$10,000 to purchase a new utility body for the 1999 F-250 was funded. The existing body is rusting but the cab, engine, and rest of the vehicle is in good shape and is the right fit for the maintenance position.

Unfunded Requests – for the Road crew include attachments for the existing skid steer to help with ongoing tasks and include: 24" high flow cold planer for road construction projects and an 84" high snow blower to help clear the parking lots within the new township complex. With the completion of the new building, a request to finish the fencing of the public works area was made. A fencing project was undertaken several years ago enclosing a majority of the rear portion of the lot. The balance of the fencing was put on hold when construction of the new building began. To ensure the highest level of protection after hours, a desire to complete the fencing and install automatic gates similar to the police lot, was reviewed by the Board.

The Park Maintenance department is currently a staff of five. It was noted in 2018 that additional open space and trails were beginning to put a strain this group. With the completion of the Kurylo Preserve and trail, the expected opening of the first section of the PECO trail in 2019, and the purchase of the three-acre Toll property in Linfield, the need for added personnel was demonstrated and a request for an additional full-time position was presented to the Board.

Equipment discussion centered on a desire to replace an existing Ford F-450 dump truck because it is rusting. This would continue a long-standing vehicle replacement program that seeks to sell before the equipment loses excessive value. The department has done very well in the past with above average sales of used vehicles which help offset costs for new.

Unfunded Requests – for the Park Maintenance department included an additional ATV for use on the expanding parks and trail network. Two crews are now often out in various areas of the township and a need for each to have an ATV type of vehicle to help improve efficiency is desired. Also requested were a broom and blower attachments for the vehicle which would be used to clean the trails and an additional diesel zero-turn-mower to add to our current three mowers.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Parks and Recreation

Minimal changes are proposed for the department as most operations remain status quo based on the staffing size of the department and limited space to hold events. Discussion did center on the start of grant applications for phase one improvements as noted within the approved Limerick Community Park Master Plan. As a part of the phase one improvements, discussion with the Board included the desire to begin the design of a new community center, an additional objective of the long-standing township-wide capital program. The department's primary need for a community building is to house the successful summer camp program which has the ability to expand, but is limited by the School District's schedule in the summer.

In regard to the department's recreational programs, the purchase of an outdoor movie screen was requested. A local church had sponsored our long-standing Movie-In-The-Park program in the past by providing the screen and required equipment. Their involvement has ended and the department would like to continue this successful family-oriented program. The department provided comparison costs to rent and purchase the equipment and was able to successfully prove why purchasing was more cost efficient.

Current staffing levels in the department will remain at three full-time positions including the Director and two full-time programming positions. Staff will continue to handle duties associated with the website, newsletter, and act as the liaison to the Parks and Recreational Committee.

Planning and Zoning

With the addition of a full-time GIS/administrative assistant hired at the end of 2018, the department is at the desired staffing levels based on the restructuring plan established for the new building. The reason for a focus on a GIS related skillset, was the substantial progress the department has made over the past several years in building the program. The benefits of the software and its ability to store and manage data and files, is proven across several departments. With the existing Director focusing on a high-level of land development projects, and the Zoning Officer duties strained as well under continuing resident, construction, and code compliant issues, the need for a dedicated person for the GIS program was noted. Funding for our third-party GIS consultant, Carrigan/GEO is continued in the 2019 Budget. Related to GIS, funding for an Act 537 mapping update was proposed to ensure the township has a firm handle on all new public sewer connections now that Aqua Pennsylvania is providing service. With the Township maintaining control of the Act 537 Plan, it is important that an updated map be generated which can be easily managed under the GIS program.

Under general planning programs, a desire to complete a study of Linfield Sports Park and find options to link the property via a trail network to the newly purchased Toll Property and Linfield Schuylkill River parcel was reviewed. New Supervisor Morroney championed this endeavor. The agreed upon plan for 2019 is to work with the Parks and Recreation Committee on informal sketch plans which can then be used to seek grant funding.

A project geared to improve the safety of those utilizing new trail links, was a proposal to formulate a Master Trail Map from the GIS system which would incorporate Wayfinding signage for all township-wide trails. This signage could then be used by emergency response agencies to locate trail users who may be in distress.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Code Enforcement

No unfunded requests or changes to the Code Department were proposed except for permit fee amendments. Residential construction permit revenues are expected to be less than 2018 levels due to the number of permits pulled for Club Views at Springford and the Lennar projects. The remaining permits for these two projects are anticipated in 2019. Permits for a new townhome project of 68-units, Overlook at Creekside, are anticipated in 2019 but not projected to offset the projected reduction of new home permits. Several large-scale commercial projects reviewed previously in this report, did not receive final approval by the close of 2018. It is anticipated that above average commercial permit revenue may be realized from 2019 projections if these projects come to fruition.

Emergency Services

The current staffing of the department established with a full-time Director, two fire inspectors, and an administrative assistant was noted to be optimal for 2019 and no new positions were proposed. The focus for the upcoming year is to enhance the existing commercial Fire and Life Safety program and the newly established residential Rental Inspection programs. It was noted that both programs are contributing to a decline of nuisance alarms by our volunteer fire departments, a primary reason why the Board approved both inspection programs. Improving code and compliance standards has been a proven remedy for reducing false and nuisance type of calls.

A secondary benefit to the increased staffing of the department has been to the daytime driver operator program. Starting 2018 with six township employees in the program, we lost one when our full-time maintenance person resigned mid-year. Five employees still participate and leave the employee of the Township when a call for service arises. When they do so, they become volunteers under the direction of the fire department and the Township has no control over their activities. To protect their departmental work obligations, a rotating schedule has been established which obligates the employee to a response during a particular full week time period. Other employees can respond if their duties permit. This program has been acceptable to the fire departments and the Township has received positive feedback. The Board expressed their continued support of this program.

Proposed in the 2019 departmental capital budget will be the fourth of five installment payments to the County for the department's radios under the County 911 upgrade program. Also proposed is funding for staff to participate in training with the National Association of Fire Investigators.

2018 began with a major undertaking by both the Limerick and Linfield fire companies who voted at the end of 2017 to consolidate. This department remains as the primary liaison to the volunteer companies and worked throughout the year in a supportive manner on the various issues. As noted already in this report, the consolidation was completed by the end of the year and the stated deadline of January 2019 was achieved. While the Township does not interfere with day-to-day operations of the fire companies, a pledge to continue to assist with administrative, budgeting, and insurance compliance related issues will be the focus of 2019.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

In 2018, two EMS agencies that provide service to the Township approached and asked the Board to consider some level of monetary assistance. While a program has not been established, discussions with both appear to be specific to a need for capital upgrades. The Board was receptive to a continuation of talks to fully understand their needs. The benefits of discussions with other surrounding municipalities was also reviewed and the Board felt it would be good to see if cooperative efforts could be put in place prior to an implementation of an individual program from Limerick. The Board did not want to commit any Township funds at this time but agreed to consider it during 2019 if a support program can be established.

In discussing emergency management needs, a proposal to upgrade the Township's Lewis Road garage was suggested. The building has essentially sat idle since the construction of the Public Works facility in 2015. The building has been identified as an ideal location to house emergency management equipment. Because of its central location, the Board agreed this would be a good use of the property. Staff proposed a \$100,000 budget allocation to complete these upgrades.

Administration

No additional staffing is proposed; 2019 will focus on a final alignment of duties for the current positions. This will entail the transition of the Assistant to the Manager away from the Planning and Zoning department. Since this position was created two years ago, administrative support for planning has been part of his job duties but with the hire of the GIS position for Planning, this transition can now be completed.

Also prioritized will be establishing new duties for Loraine and her duties as the former sewer billing clerk. Transitional sewer billing obligations and collection of delinquent accounts will continue through 2019 but will require minimal time going forward. Additional tasks from the finance department will be assigned as well and support for front desk operations. Additionally, the duties of Marcy and her responsibilities with Right-to-Know and managing the CDBG program will continue to be reviewed. She will continue to provide administrative support to the Manager and Assistant Manager as her time permits. The Board did not approve the submission of a new CDBG grant application for the 2018 program cycle, so once the balance of the outstanding grants is exhausted, this program will cease. Focus of 2019 will be to define the burden of RTK and file management, and if Marcy will have available time to continue administrative support once CDBG duties are finalized.

Unfunded Requests – were limited to IT needs, specifically replacement servers for the administration and police department.

Fire Department – Capital Program – Consolidation

Members of the Steering Committee handling the consolidation attended a special meeting on October 23rd to review budget needs of the single fire department. They reported that their efforts during 2018 are proving successful and anticipate the consolidation will be completed by January 2019, which was the stated deadline. An ongoing re-evaluation of the 15-year Capital Replacement Schedule, which was established several years ago based on the two-fire company structure, was discussed at the October 23rd meeting. With a single department now a reality, all agreed an updated look at all vehicles and equipment would make sense. It is anticipated that this fresh look should be able to offer some level of savings, as redundant equipment can be eliminated without reducing levels of service.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

The fire company members noted a commitment to fundraising and grant applications will continue with the single organization. Recent joint efforts toward grant applications have netted approximately \$442,000 in support for debt reduction, air tank and related equipment replacements, and the purchase of a new utility vehicle. All are extremely important in reducing the burden on the tax base. In 2018, the Board approved an increase in the VIP program to a \$50,000 level. The positive benefits of these added funds were reported to be a contributor to the increased level of volunteerism. It was noted that the Township continues to buck the national trend of declining fire volunteers and the Township support program has actually strengthened staffing with both stations. The 2019 Budget continues the contribution from the General Fund of \$50,000 for the VIP program.

The fire members also thanked the Board for their support with the consolidation effort and for the \$60,000 contribution authorized for 2018 to cover legal and merger costs. Only \$30,000 was used in 2018, the balance has been rolled into the 2019 Budget.

The 2019 Budget for operation of a single fire organization will show an overall reduction of 4.4% from actual operating costs for the two companies in 2018. Noted during the discussion is the belief that additional cost savings could be realized in future years once all levels of the fire service are fully integrated. It was acknowledged that while the official structure of the department will be completed by January, it will take time to mesh all operations. A further item of concern for future year budgets will be the declining reimbursement from the Fire Relief Program. The state collects funds from insurance policies issued by companies which are not domiciled within Pennsylvania. With additional insurance companies now located within the state, returns have been declining of late and impacting returns of all local fire companies. Monies have been used in the past to purchase must-needed equipment. It was noted that if the funds continue to dwindle, a greater reliance on tax funds to maintain equipment needs will become apparent.

Roads/Infrastructure Projects

Linfield Trappe/Township Line Road Intersection – As noted in the 2018 Budget review, a grant was received by Upper Providence to fund the traffic signal portion of the project. Limerick's commitment to date is limited to a \$58,000 match, which was noted to be included in the 2019 Budget. It is anticipated that all right-of-way for the widening and road construction portion of the project, which Upper Providence has agreed to cover, will be completed in 2019. The project is expected to be placed out to bid but all is under the control of Upper Providence and the timeline will be dependent on their progress. No other Limerick funding, other than the match, is included in the 2019 Budget.

Royersford/Linfield Trappe Intersection – The Board approved a revised contract with Pennoni Associates to account for the added scope due to DEP and PennDOT requirements. The 2019 Budget includes the design of this intersection. The Board also authorized the completion of a temporary traffic signal for this intersection until such time as funding can be secured for the anticipated \$5.4 million project. It is hoped that the temporary signal plans can be finalized and approval obtained from PennDOT during the course of the year. It is anticipated that the design will progress to a point where right-of-way can be determined and meeting with affected property owners be held. With the need to rebuild a stream crossing and construct culverts, a 2019 goal is to pursue stormwater related grants to offset costs of the overall project. It is recognized that this intersection upgrade will be a long-term project and a concerted effort will be required similar to the several-year process to secure funding for the Sanatoga Interchange.

Lightcap Road Upgrade – No further activity is proposed for this project in 2019. However, if a developer were to propose a project on lands near the Outlet Mall, the Lightcap Road project would be included in that discussion.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Sanatoga/Route 422 Interchange – Minor design issues from PennDOT delayed the project going out to bid at the end of 2018 as originally anticipated. Once these design issues are worked through, bids will be sought for this \$3.1 million west-bound, on-ramp project. The funding will expire in 2019 if the project does not commence, so it will be an important to begin construction to ensure compliance with the grant program. Lower Pottsgrove Township is still committed to their 35% portion of the \$900,988 match required of the grant. Limerick's 65% match portion will come from Traffic Impact Fees already collected and it is still anticipated that no tax revenues will be required from the township for this construction project.

Lewis Road Improvement Project – As noted in the 2018 Budget review, the third grant application for this multi-municipal project was not awarded. However, the grant agency was willing to accept a simple resubmission based on the previous application. The timing of award notices is not known, but based on 2018 we do not anticipate any notice until the third quarter of the year. If we are successful in receiving funding then design will commence in 2020 and construction planned for the 2012 calendar year. If the project is not awarded funding for the fourth time, then a re-evaluation of the project will be required.

Trail Projects – With grant funding in place for both sections of the PECO trail, discussion was limited to the proposed 2019 schedule for each. It was noted that the Limerick Center to Lewis Road trail will be completed in the spring when favorable weather returns. In May 2018, the grant was given a Second Amendment to the Grant Contract noting a 1-year extension to June 30, 2019; paperwork is expected to be closed out by that deadline.

In regard to the TAP grant for the PECO trail from Lewis Road to Township Line Road, it is anticipated that design will continue for the majority of the year. Meetings with Ashbrook Estate HOA to discuss the interconnection to their trail network should take place by the summer months. If all goes well, bids for construction should be finalized by the close of the year.

The Board reaffirmed their commitment to all matching funds to keep these projects on schedule.

Aronimink Wall – A long standing issue pertaining to a retaining wall behind several properties in this community will move forward in 2019. The property owners have been in dispute with the Township on whose responsibility the maintenance of the wall falls because it traverses both private property and open space. With the issue going back and forth without resolve, and the condition of the wall deteriorating and posing a safety hazard, the Board felt the time is at hand to move forward with a resolution. A funding level of \$100,000 was discussed based on previous engineering studies.

Bus Shelters – In 2018, the Township received an offer from the owner of Lafayette Welding to assist with the installation of a bus shelter along Ridge Pike near his business. The area in question has long been a gathering location although it offers no improvements similar to a traditional bus stop. With a donation set at \$5,000, staff proposed that we move forward with any necessary agreements from PennDOT and seek a shelter design that would be as close in price to the donated funds as possible.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

The proposed Budget was presented to the Board on November 21st. Based on Board authorization, the 2019 Budget was advertised and subsequently approved on December 18, 2018 and the following items were incorporated into the approved Budget.

- **\$28,476,433 Budget across all funds**
- **No Increase in Real Estate Tax Rates**
 - Real estate taxes will remain the same, but a change in millage allocated to the General Fund will take place. With the elimination of Township debt, the millage collected in the past for the Debt Fund was approved to be transferred to the General Fund, which will increase from 1.759 to 2.089 mills.
- **Operational Deficit**
 - The 2019 Budget was approved with an opening operational budget deficit of \$68,588. This is significantly less than the previous year's starting deficit of \$841,090. With positive budget management and the realization of conservative projection of sewer investment returns, the Board expressed confidence that this deficit will be reduced as well.
- **Sewer Sale Investment Proceeds**
 - Approval for the transfer of a projected \$1,410,000 to the General Fund to reduce any need for additional tax funds to balance the budget
- **Fire Company Capital Program**
 - \$30,000 allocated to cover the final details of the consolidation
 - Authorization to eliminate the current debt on the Limerick Station loan and the new tower truck purchased in 2017
 - Continued cooperation with the consolidated organization with ongoing operational tasks. The Board also reaffirmed their commitment to the daytime driver program.
 - A commitment to support a new station in Linfield was affirmed
- **EMS Agencies**
 - No funding was approved at this time but a desire to continue discussions with each organization and surrounding municipalities, was directed by the Board.
- **Public Library**
 - Royersford Library contribution remains at the previous \$11,000 level.
- **Roads/Infrastructure**
 - Royersford/Linfield Trappe – approved was the continuation of the design work under the approved Pennoni Associates \$650,000 contract and ready the project for any shovel-ready grant programs which may arise. Recognizing this proposed \$5.4 million project will take several years to complete, a desire to install a temporary traffic signal for approximately \$71,000 was authorized as well.
 - Lightcap Road Upgrade – on hold pending development
 - Sanatoga/Route 422 Interchange – continuation of project under the \$2.1 million grant award will continue.
 - Lewis Road Sidewalk Improvement Project – matching grant funds of approximately \$190,000 were approved for this \$1.1 million project.
 - Aronimink – authorization of \$100,000 approved for design and construction

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

The following is a listing of the Boards action regarding all Capital requests:

	Department	Amount	Approved
CAPITAL REQUESTS:			
Replace - PD VM Host Server	Admin	20,500	yes
Replace - Admin VM Host Server	Admin	37,000	yes
Replace - 3 Vehicles	Police	106,500	yes
Radio - 4 of 5 installments	Police	29,007	yes
Radio - 4 of 5 installments	Emergency Svc	4,989	yes
Replace - Body F250	Public Works	10,000	yes
Replace - 2008 Ford F450 Dump	Parks Maint.	71,000	yes

The following is a listing of the Boards action regarding all Unfunded Requests:

UNFUNDED REQUESTS:	Department	Amount	Approved
Training - National Assoc of Fire Investigators	Emergency Svc	2,650	yes
Act 537 Update	Planning	15,000	yes
Toll House Property/Schuylkill Park - Access Easements (legal & eng)	Admin	20,000	yes
Main/Church/Limerick Center - Traffic Signal & Access Improvements - engineering	Admin	30,000	yes
New Park Employee (hire 5/1/19)	Park Maint.	48,000	yes
EMS Contribution	Emergency Svc	50,000	no
Jamar Traffic Complaints	Police	3,600	yes
All Traffic Solution - Electronic Speed Limit Sign (2)	Police	11,600	yes
GeoTab - GPS	Police	5,800	yes
Portable Movie Screen	Recreation	15,000	yes
Diesel zero turn mower	Parks Maint.	16,000	yes
Lexipol Policy Software	Police	16,800	yes
Trail Wayfinding /Sign Program	Planning	25,000	yes
UTV with Cab, broom & blower	Parks Maint.	25,000	yes
Skid Steer Attachments	Public Works	35,000	yes
Fence Public Works Building	Public Works	41,000	yes
Lewis Road Garage Renovations	Emergency Svc	100,000	yes
Linfield Sports Park Master Plan	Planning	-	no
Lewis Road Sidewalks (potential grant of 60%)	Admin	-	no
Aronimink Wall	Admin	150,000	yes

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

LCP - Phase 1 - Entrance/Parking/Fields (potential grants of 60%)	Admin	-	no
LCP - Community Center - design	Admin	300,000	yes
2019 Fire Fund Deficit	Fire	-	
Debt - Limerick Station	Fire	3,306,000	yes
Debt - Quint Loan	Fire	-	no
Debt - Tower Loan	Fire	843,995	yes
Replace Squad (Rescue Pumper)	Fire	75,000	yes
800 Radio Project (less grant of \$15,000)	Fire	142,230	yes
Fire Police Digital Sign	Fire	9,100	yes
Swift Rescue Boat & Motor (requesting in 2018)	Fire	16,000	2018
Swift Water Rescue Boat - Emergency Replacement (requesting in 2018)	Fire	9,000	2018
Limerick Station IT Upgrades	Fire	18,100	yes

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions about this report or to request additional financial information, please contact the Finance Director at the Limerick Township Municipal Building, 646 West Ridge Pike or by phone at 610-495-6432, extension 113.

LIMERICK TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 7,126,052	\$ 6,370,542	\$ 13,496,594
Investments	63,405,352	-	63,405,352
Receivables, taxes and other	775,649	80,566	856,215
Prepaid expenses and other assets	38,772	-	38,772
Capital assets, at cost			
Land and improvements	5,892,562	-	5,892,562
Buildings and building improvements	15,216,625	-	15,216,625
Machinery and equipment	4,989,766	-	4,989,766
Infrastructure	22,776,695	-	22,776,695
Construction in progress	358,822	-	358,822
Accumulated depreciation	(10,428,075)	-	(10,428,075)
TOTAL ASSETS	<u>110,152,220</u>	<u>6,451,108</u>	<u>116,603,328</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension activities	<u>1,741,098</u>	-	<u>1,741,098</u>
LIABILITIES			
Accounts payable	748,751	411	749,162
Unearned revenue	533,232	-	533,232
Long-term liabilities			
Portion due or payable within one year			
Notes payable	33,996	-	33,996
Portion due or payable after one year			
Notes payable	33,995	-	33,995
Net OPEB liability	1,927,037	-	1,927,037
Net pension liability	2,824,591	-	2,824,591
Compensated absences	113,976	-	113,976
TOTAL LIABILITIES	<u>6,215,578</u>	<u>411</u>	<u>6,215,989</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension activities	428,910	-	428,910
Deferred inflows of resources - OPEB activities	<u>112,295</u>	-	<u>112,295</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>541,205</u>	-	<u>541,205</u>
NET POSITION			
Net investment in capital assets	38,738,404	-	38,738,404
Restricted	860,133	-	860,133
Unrestricted	<u>65,537,998</u>	<u>6,450,697</u>	<u>71,988,695</u>
TOTAL NET POSITION	<u>\$ 105,136,535</u>	<u>\$ 6,450,697</u>	<u>\$ 111,587,232</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,438,254	\$ -	\$ -	\$ -
Public safety	7,813,146	17,383	161,744	-
Public works	2,924,738	1,445,565	1,239,486	-
Culture and recreation	897,062	348,655	24,918	-
Conservation and development	151,704	-	151,704	-
Miscellaneous	156,287	-	-	-
Debt service	1,920,259	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	16,301,450	1,811,603	1,577,852	-
BUSINESS-TYPE ACTIVITIES				
Sewer Fund	1,151,039	1,998,123	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 17,452,489	\$ 3,809,726	\$ 1,577,852	\$ -

GENERAL REVENUES

Real estate taxes
Earned income taxes
Fire protection taxes
Per capita and emergency and municipal services taxes
Real estate transfer taxes
Interest and rents
Fines, forfeits and costs
Capital contributions
Gain on sale of capital assets
Other

TOTAL GENERAL REVENUES

INTERFUND TRANSFERS, net

EXTRAORDINARY ITEMS

Gain on sale of sewer system

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>
<u>Activities</u>	<u>Activities</u>	
\$ (2,438,254)	\$ -	\$ (2,438,254)
(7,634,019)	-	(7,634,019)
(239,687)	-	(239,687)
(523,489)	-	(523,489)
-	-	-
(156,287)	-	(156,287)
<u>(1,920,259)</u>	<u>-</u>	<u>(1,920,259)</u>
(12,911,995)	-	(12,911,995)
<u>-</u>	<u>847,084</u>	<u>847,084</u>
<u>(12,911,995)</u>	<u>847,084</u>	<u>(12,064,911)</u>
3,119,103	-	3,119,103
4,490,873	-	4,490,873
620,227	-	620,227
559,040	-	559,040
700,020	-	700,020
713,055	71,204	784,259
65,870	-	65,870
78,518	-	78,518
452,136	-	452,136
184,920	45,731	230,651
<u>10,983,762</u>	<u>116,935</u>	<u>11,100,697</u>
71,103,430	(71,103,430)	-
<u>-</u>	<u>40,886,418</u>	<u>40,886,418</u>
69,175,197	(29,252,993)	39,922,204
<u>35,961,338</u>	<u>35,703,690</u>	<u>71,665,028</u>
<u>\$ 105,136,535</u>	<u>\$ 6,450,697</u>	<u>\$ 111,587,232</u>

LIMERICK TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Capital Reserve Fund
ASSETS		
Cash and cash equivalents	\$ 3,777,606	\$ 1,260,815
Investments	3,419,865	58,747,876
Receivables, taxes and other	761,889	222
Prepaid expenses	38,272	-
TOTAL ASSETS	\$ 7,997,632	\$ 60,008,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 343,473	\$ 66,402
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	486,410	-
FUND BALANCES		
Nonspendable, prepaid expenses	38,272	-
Restricted for		
Road and street improvements	-	-
CDBG grants	-	-
Debt service	-	-
Fire protection	-	-
Committed		
Post retirement health reserve	396,943	-
Canine fund	9,071	-
Arley Grant	3,899	-
Assigned to		
Capital projects	-	58,842,916
Capital equipment	-	1,099,595
Road improvements	-	-
Recreation activities	-	-
Future road improvements	1,000,000	-
Unassigned	5,719,564	-
TOTAL FUND BALANCES	7,167,749	59,942,511
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,997,632	\$ 60,008,913

See accompanying notes to the basic financial statements.

Fire Protection Fund	Recreation Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 195,571	\$ 436,227	\$ 438,850	\$ 1,016,983	\$ 7,126,052
-	-	-	1,237,611	63,405,352
5,379	4,037	4,122	-	775,649
-	500	-	-	38,772
<u>\$ 200,950</u>	<u>\$ 440,764</u>	<u>\$ 442,972</u>	<u>\$ 2,254,594</u>	<u>\$ 71,345,825</u>
<u>\$ 153,544</u>	<u>\$ 146,235</u>	<u>\$ 6</u>	<u>\$ 39,091</u>	<u>\$ 748,751</u>
-	-	-	-	486,410
-	500	-	-	38,772
-	-	-	368,356	368,356
-	-	-	1,405	1,405
-	-	442,966	-	442,966
47,406	-	-	-	47,406
-	-	-	-	396,943
-	-	-	-	9,071
-	-	-	-	3,899
-	-	-	-	58,842,916
-	-	-	-	1,099,595
-	-	-	1,845,742	1,845,742
-	294,029	-	-	294,029
-	-	-	-	1,000,000
-	-	-	-	5,719,564
<u>47,406</u>	<u>294,529</u>	<u>442,966</u>	<u>2,215,503</u>	<u>70,110,664</u>
<u>\$ 200,950</u>	<u>\$ 440,764</u>	<u>\$ 442,972</u>	<u>\$ 2,254,594</u>	<u>\$ 71,345,825</u>

LIMERICK TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 70,110,664
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land and improvements	5,892,562
Construction in progress	358,822
Buildings and building improvements	15,216,625
Machinery and equipment	4,989,766
Infrastructure	22,776,695
Accumulated depreciation	(10,428,075)
<p>Deferred inflows and outflows of resources related to pension and OPEB activities are not current financial resources and, therefore, are not reported in the Governmental Funds.</p>	
	1,199,893
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Notes payable	(67,991)
Net OPEB liability	(1,927,037)
Net pension liability	(2,824,591)
Compensated absences	(113,976)
<p>Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	<u>(46,822)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 105,136,535</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Reserve Fund
REVENUES		
Taxes	\$ 8,334,137	\$ -
Fees, licenses and permits	1,255,772	-
Interest and rents	75,658	624,013
Intergovernmental revenues	623,056	-
Fines, forfeits and costs	65,870	-
Program revenues	-	-
Other	131,421	-
TOTAL REVENUES	<u>10,485,914</u>	<u>624,013</u>
EXPENDITURES		
General government	2,044,241	-
Public safety	6,220,546	-
Public works	2,020,217	-
Culture and recreation	-	-
Conservation and development	-	-
Miscellaneous	146,226	-
Debt service	-	-
Capital projects	-	6,207,012
TOTAL EXPENDITURES	<u>10,431,230</u>	<u>6,207,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>54,684</u>	<u>(5,582,999)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	1,095,000	76,054,573
Operating transfers out	(2,823,721)	(12,307,981)
Proceeds from sale of capital assets	-	491,624
Proceeds from long-term debt	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,728,721)</u>	<u>64,238,216</u>
NET CHANGE IN FUND BALANCES	(1,674,037)	58,655,217
FUND BALANCES AT BEGINNING OF YEAR	<u>8,841,786</u>	<u>1,287,294</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,167,749</u>	<u>\$ 59,942,511</u>

See accompanying notes to the basic financial statements.

Fire Protection Fund	Recreation Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 620,227	\$ 106,278	\$ 474,502	\$ -	\$ 9,535,144
-	2,749	-	207,176	1,465,697
461	11,114	328	1,481	713,055
145,945	24,918	-	783,933	1,577,852
-	-	-	-	65,870
-	345,906	-	-	345,906
-	-	-	53,499	184,920
<u>766,633</u>	<u>490,965</u>	<u>474,830</u>	<u>1,046,089</u>	<u>13,888,444</u>
4,950	840	3,803	-	2,053,834
1,002,675	-	-	527,658	7,750,879
-	-	-	553,139	2,573,356
-	1,409,877	-	-	1,409,877
-	-	-	151,704	151,704
10,061	-	-	-	156,287
-	-	12,254,819	-	12,254,819
-	-	-	-	6,207,012
<u>1,017,686</u>	<u>1,410,717</u>	<u>12,258,622</u>	<u>1,232,501</u>	<u>32,557,768</u>
<u>(251,053)</u>	<u>(919,752)</u>	<u>(11,783,792)</u>	<u>(186,412)</u>	<u>(18,669,324)</u>
71,268	406,535	11,837,981	-	89,465,357
-	-	(3,230,225)	-	(18,361,927)
-	-	-	-	491,624
-	-	3,255,534	-	3,255,534
<u>71,268</u>	<u>406,535</u>	<u>11,863,290</u>	<u>-</u>	<u>74,850,588</u>
(179,785)	(513,217)	79,498	(186,412)	56,181,264
<u>227,191</u>	<u>807,746</u>	<u>363,468</u>	<u>2,401,915</u>	<u>13,929,400</u>
<u>\$ 47,406</u>	<u>\$ 294,529</u>	<u>\$ 442,966</u>	<u>\$ 2,215,503</u>	<u>\$ 70,110,664</u>

LIMERICK TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 56,181,264
Capital outlays are reported in the Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.	6,312,131
Donations of capital items are not reported on the Governmental Funds. However, in the statement of activities, the value of these donations is reported as a revenue. This is the value of capital asset donations in the period.	78,518
Gross proceeds on the sale of assets are revenue on the fund financial statements, but only the gain or loss is reported in the statement of net position.	(39,488)
Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.	(45,881)
In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave)--pension expense--and other postemployment benefits are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(390,373)
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to Governmental Funds, but the issuance increases long-term liability in the statement of net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,188,190)
Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>10,267,216</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 69,175,197</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018

	<u>Sewer Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,370,542
Accounts receivable, net of allowance of \$54,000	80,566
TOTAL ASSETS	<u>6,451,108</u>
LIABILITIES	
Accounts payable	\$ <u>411</u>
NET POSITION	
Unrestricted	\$ <u><u>6,450,697</u></u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,998,123
Miscellaneous	45,731
TOTAL OPERATING REVENUES	<u>2,043,854</u>
OPERATING EXPENSES	
King Road Plant	302,256
Possum Hollow Plant	90,689
General and administrative	119,982
General operating	383,948
Contractual and professional services	114,490
TOTAL OPERATING EXPENSES	<u>1,011,365</u>
OPERATING INCOME	<u>1,032,489</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	71,204
Interest expense	(139,674)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(68,470)</u>
INCOME BEFORE TRANSFERS	964,019
TRANSFERS	
Transfers in	179,719
Transfers out	(71,283,149)
TOTAL TRANSFERS	<u>(71,103,430)</u>
EXTRAORDINARY ITEMS	
Gain on sale of sewer system	<u>40,886,418</u>
CHANGE IN NET POSITION	(29,252,993)
NET POSITION AT BEGINNING OF YEAR	<u>35,703,690</u>
NET POSITION AT END OF YEAR	<u>\$ 6,450,697</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,907,726
Cash payments to suppliers for goods and services	(833,680)
Cash payments to employees for services	(440,019)
Other operating cash receipts	45,731
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,679,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from disposal of capital assets	75,839,888
Principal paid on revenue bonds	(6,011,000)
Interest paid on revenue bonds	(150,740)
Transfers to other funds	(71,103,430)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,425,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	71,204
NET INCREASE IN CASH AND CASH EQUIVALENTS	325,680
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,044,862</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,370,542</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,032,489
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable	909,603
Decrease in other assets	3,843
Decrease in accounts payable and accrued expenses	(257,926)
Decrease in other current liabilities	(8,251)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,679,758</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash, restricted	\$ 366,609	\$ 297,804
Investments, restricted	<u>10,000,772</u>	<u>98,007</u>
TOTAL ASSETS	<u>10,367,381</u>	<u>\$ 395,811</u>
LIABILITIES		
Accounts payable	\$ -	\$ 100,960
Developers' escrow	<u>-</u>	<u>294,851</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 395,811</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 10,367,381</u>	

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 287,711
Employee	63,964
State allocation	341,961
TOTAL CONTRIBUTIONS	<u>693,636</u>
Income (loss) from investments	
Net depreciation in fair value of investments	(1,349,076)
Net investment income	651,914
TOTAL INCOME (LOSS) FROM INVESTMENTS	<u>(697,162)</u>
Investment expense	(39,594)
INVESTMENT INCOME (LOSS), net	<u>(736,756)</u>
TOTAL ADDITIONS	(43,120)
DEDUCTIONS	
Benefits	<u>205,124</u>
CHANGE IN NET POSITION	(248,244)
NET POSITION AT BEGINNING OF YEAR	<u>10,615,625</u>
NET POSITION AT END OF YEAR	<u>\$ 10,367,381</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Limerick Township (the "Township") is governed by an elected five-member board. The financial statements of the Township include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility, including general government, public safety, parks and recreation and public works. Until September 1, 2008, the Limerick Township Municipal Authority (the "Authority") was a component unit of the Township and was reported discretely in the Township's financial statements. Subsequently, the Authority was absorbed as a department of the Township and is operated as a Proprietary Fund.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- Two fire departments receive a contribution from the Township. However, the departments are organized under a separate charter and operate under the direction of a separate independent board not appointed by the Supervisors and, therefore, are not included in the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of Financial Statement Presentation - The basic financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for Fiduciary Funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Township does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for the Sewer Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of Governmental Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Other nonmajor Governmental Funds are aggregated and presented in a single column (Other Governmental Funds).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following major Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety, public services and recreation. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units.

Capital Reserve Fund - The Capital Reserve Fund is used to account for the purchase of major capital assets and improvements.

Fire Protection Fund - The Fire Protection Fund is used to account for specific revenues and expenditures related to the Township's fire department.

Debt Service Fund - The Debt Service Fund is used to account for specific revenues and expenditures related to long-term debt.

Recreation Fund - The Recreation Fund is used to account for specific revenues and expenditures related to the Township's parks and recreation facilities.

Proprietary Fund - The focus of the Proprietary Fund measurement is upon determination of net income and cash flows. The generally accepted accounting principles applicable are similar to those used by businesses in the private sector.

The Proprietary Fund includes accounts of the Township's Sewer Fund. The Township establishes sewer rates, collects sewer revenues, operates the sewer system, employs personnel to operate the sewer system and send sewer bills and handles fiscal management for the sewer system.

Fiduciary Funds - The Township also reports the following Fiduciary Funds:

Police Pension and Non-Uniform Pension Trust Funds - The Pension Trust Funds accumulate money for the retirement of Township employees.

Agency Funds - Agency Funds include the Escrow Fund, which holds monies received by the Township regarding grading permits, and the Developer Escrow Fund.

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A preliminary budget is presented to the Board of Supervisors in October.
2. During October and November, the Township holds budget workshops for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. During November, the Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them.
4. Prior to December 31, the Township holds a public hearing to obtain taxpayer comments, after which the budget is legally adopted through motion of the Board of Supervisors.
5. All budget revisions require the approval of the Township Board of Supervisors.
6. Formal budgetary integration is employed as a management control device during the year. Budgetary control is maintained at the fund level.
7. Budgets are adopted on the modified accrual basis of accounting. All appropriations lapse at year-end.

Real Estate Tax

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1. The Township employs an elected tax collector to collect the property tax levied. The tax collector remits Township taxes at least monthly and is paid on a commission basis.

For 2018, tax was levied on the assessed value of real estate at a total of 2.593 mills.

The taxable assessed valuation of property as of January 1, 2018 was \$1,470,533,012.

Transfers

Operating transfers between Governmental and Nongovernmental Fund Types are reported as other financing sources (uses) within those funds.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition with no restrictions on withdrawal.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, Fair Value Measurement and Application and No. 79 Certain External Investment Pools and Pool Participants. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$2,000 and/or an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	20-40
Building improvements	15-40
System infrastructure	7-50
Vehicles	3-10
Office equipment	5-10
Computer equipment	3-5

The Township is a Phase III Government under the implementation guidance in GASB Statement No. 34 and, as such, has elected not to capitalize all infrastructure assets retroactively. Therefore, these financial statements do not report the cost of roads, bridges and street lights prior to 2002.

Compensated Absences

Unused sick benefits lapse at year-end for all employees with the exception of police officers. Accordingly, the accumulated sick leave of police officers is recorded in the governmental activities column of the government-wide statements.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Accounts Receivable

All accounts receivable are shown net of an allowance for uncollectibles, as applicable. Accounts receivable are evaluated for collectability, and an allowance is established, as deemed necessary, based on the best information available and in an amount management believes is adequate. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions, the net difference between projected and actual earnings on pension plan investments, and the difference between expected and actual experience.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. Unavailable revenue is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the OPEB plan.

Fund Balance

The following fund balance classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid expenses and inventory.
- ***Restricted Fund Balance*** includes fund balance amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation. Fund balance types of this category include amounts for debt service, recreation activities, road and street improvements and water hydrant maintenance.
- ***Committed Fund Balance*** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Limerick Township Board of Supervisors. To be reported as committed, amounts cannot be used for any other purpose unless the Limerick Township Supervisors take the same highest level action to remove or change the constraint.
- ***Assigned Fund Balance*** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Township Board of Supervisors or by an official or body to which the Township Board delegates the authority.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statute as it relates to custodial credit risk. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. As of December 31, 2018, \$1,250,000 was insured by the FDIC and \$12,726,511 of the Township's bank balance of \$13,976,511 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department not in the Township's name \$ 12,726,511

Investments

As of December 31, 2018, the Township's governmental activities had the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities	
			Less Than One Year	1 to 5 Years
U. S. Government notes	\$ -	\$ 2,373,318	\$ 95,472	\$ 2,277,846
U. S. Government notes, agency	-	2,199,158	705,028	1,494,130
Certificate of deposit	85,000	-	85,000	-
State investment pools	<u>58,747,876</u>	<u>-</u>	<u>58,747,876</u>	<u>-</u>
	<u>\$ 58,832,876</u>	<u>\$ 4,572,476</u>	<u>\$ 59,633,376</u>	<u>\$ 3,771,976</u>

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township did not have Level 2 or Level 3 investments as of December 31, 2018. All fair valued investments are considered to be Level 1 and are valued based on quoted market prices.

Certificates of deposit held by banks of \$85,000 are stated at cost plus interest earned.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

A portion of the Township's investments are in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2018, is \$58,747,876. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2018, the Township's investment in the state investment pool was rated AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$58,747,876 invested in a PLGIT/PRIME account which limits redemptions or exchanges to two per calendar month.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - With the exception of Pension Trust Funds, state law limits investments in obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance and that deposits in excess of such insurance are collateralized by the depository.

The Township's investment policy does not further limit its investment choices.

The law provides that the Township's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Funds

Pension Trust Fund investments are comprised of the following:

	<u>Police Pension Plan</u>		<u>Non-Uniform Pension Plan</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash funds	\$ 219,209	\$ 219,209	\$ 147,400	\$ 147,400
Mutual funds/ETF's	<u>7,316,544</u>	<u>6,739,677</u>	<u>3,544,286</u>	<u>3,261,095</u>
	<u>\$ 7,535,753</u>	<u>\$ 6,958,886</u>	<u>\$ 3,691,686</u>	<u>\$ 3,408,495</u>

Agency Funds

Agency Fund investments are comprised of the following:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>Less Than One Year</u>	<u>1 to 5 Years</u>
Certificate of deposit	\$ 98,007	\$ -	\$ -	\$ 98,007

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C - RECEIVABLES

Receivables, which consist primarily of taxes, are as follows:

GOVERNMENTAL FUNDS	
General Fund	\$ 761,889
Recreation Fund	4,037
Fire Protection Fund	5,379
Debt Service Fund	4,122
Capital Reserve Fund	<u>222</u>
	<u>\$ 775,649</u>

Proprietary Fund receivables consist of sewer rents of \$80,566 at December 31, 2018.

NOTE D - INTERFUND TRANSFERS

Interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,095,000	\$ 2,823,721
Capital Reserve Fund	76,054,573	12,307,981
Water Hydrant Fund	-	-
Debt Service Fund	11,837,981	3,230,225
Recreation Fund	406,535	-
Fire Protection Fund	71,268	-
Sewer Fund	<u>179,719</u>	<u>71,283,149</u>
	<u>\$ 89,645,076</u>	<u>\$ 89,645,076</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Township has reported all capital assets, including infrastructure, in the government-wide statement of net position. All capital assets, including other infrastructure systems, were reported using the basic approach, whereby accumulated depreciation and depreciation expense have been recorded. The following presents summary information on capital assets.

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 5,372,818	\$ 519,744	\$ -	\$ 5,892,562
Construction in progress	<u>4,577,156</u>	<u>358,822</u>	<u>(4,577,156)</u>	<u>358,822</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>9,949,974</u>	<u>878,566</u>	<u>(4,577,156)</u>	<u>6,251,384</u>
Capital assets being depreciated				
Buildings and building improvements	5,610,326	9,606,299	-	15,216,625
Machinery and equipment	4,389,048	1,200,568	(599,850)	4,989,766
Infrastructure	<u>22,275,154</u>	<u>501,541</u>	<u>-</u>	<u>22,776,695</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>32,274,528</u>	<u>11,308,408</u>	<u>(599,850)</u>	<u>42,983,086</u>
Accumulated depreciation				
Buildings and building	(1,823,944)	(272,528)	-	(2,096,472)
Machinery and equipment	(2,745,436)	(374,331)	560,362	(2,559,405)
Infrastructure	<u>(5,199,888)</u>	<u>(572,310)</u>	<u>-</u>	<u>(5,772,198)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(9,769,268)</u>	<u>(1,219,169)</u>	<u>560,362</u>	<u>(10,428,075)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>22,505,260</u>	<u>10,089,239</u>	<u>(39,488)</u>	<u>32,555,011</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 32,455,234</u>	 <u>\$ 10,967,805</u>	 <u>\$ (4,616,644)</u>	 <u>\$ 38,806,395</u>

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 134,108
Police, health and public safety	243,834
Public works	475,476
Culture and recreation	<u>365,751</u>
	 <u>\$ 1,219,169</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E - CAPITAL ASSETS (Continued)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and rights-of-way	\$ 1,048,383	\$ -	\$ (1,048,383)	\$ -
Construction in progress	<u>1,591,826</u>	<u>-</u>	<u>(1,591,826)</u>	<u>-</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2,640,209</u>	<u>-</u>	<u>(2,640,209)</u>	<u>-</u>
Capital assets being depreciated				
Sewer system and utility plant	59,782,851	-	(59,782,851)	-
Plant equipment	263,416	-	(263,416)	-
Office furniture and equipment	16,233	-	(16,233)	-
Transportation equipment	<u>239,631</u>	<u>-</u>	<u>(239,631)</u>	<u>-</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>60,302,131</u>	<u>-</u>	<u>(60,302,131)</u>	<u>-</u>
Accumulated depreciation				
Sewer system and utility plant	(27,538,987)	-	27,538,987	-
Plant equipment	(157,931)	-	157,931	-
Office furniture and equipment	(11,311)	-	11,311	-
Transportation equipment	<u>(148,440)</u>	<u>-</u>	<u>148,440</u>	<u>-</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(27,856,669)</u>	<u>-</u>	<u>27,856,669</u>	<u>-</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>32,445,462</u>	<u>-</u>	<u>(32,445,462)</u>	<u>-</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 35,085,671</u>	 <u>\$ -</u>	 <u>\$ (35,085,671)</u>	 <u>\$ -</u>

NOTE F - LEASE COMMITMENTS

The Township leases office equipment under operating leases with terms of four to five years. The following is a schedule by years of future minimum rentals under the lease agreements as of December 31, 2018:

Year Ending <u>December 31,</u>	
2019	\$ 9,053
2020	9,053
2021	9,053
2022	<u>6,636</u>
	 <u>\$ 33,795</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - LONG-TERM DEBT

Notes payable are comprised of the following individual issues:

Promissory Note, Series of 2015, initial issue of \$135,983, with a fixed interest rate of 0%, maturing 2020 \$ 67,991

The annual requirements to amortize all debt outstanding as of December 31, 2018, including interest payments, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 33,996	\$ -
2020	<u>33,995</u>	<u>-</u>
	<u>\$ 67,991</u>	<u>\$ -</u>

During 2018, the Township repaid all of its outstanding bonds payable in the governmental activities and the business-type activities.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2018, the following changes in long-term liabilities occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds, Series of 2015	\$ 1,385,000	\$ -	\$ (1,385,000)	\$ -	\$ -
General Obligation Notes					
Series of 2014	3,650,000	-	(3,650,000)	-	-
Series of 2017	1,942,686	3,255,534	(5,198,220)	-	-
Promissory Note, Series of 2015	101,987	-	(33,996)	67,991	33,996
Net OPEB liability	1,857,133	69,904	-	1,927,037	-
Net pension liability	1,593,686	1,230,905	-	2,824,591	-
Compensated absences	117,270	-	(3,294)	113,976	-
	<u>10,647,762</u>	<u>4,556,343</u>	<u>(10,270,510)</u>	<u>4,933,595</u>	<u>33,996</u>
Premiums					
Issuance premium, Series of 2015	<u>72,985</u>	<u>-</u>	<u>(72,985)</u>	<u>-</u>	<u>-</u>
 TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	 <u>\$ 10,720,747</u>	 <u>\$ 4,556,343</u>	 <u>\$ (10,343,495)</u>	 <u>\$ 4,933,595</u>	 <u>\$ 33,996</u>
BUSINESS-TYPE ACTIVITIES					
Guaranteed Sewer Revenue Bonds, Series B of 2001	\$ 3,701,000	\$ -	\$ (3,701,000)	\$ -	\$ -
General Obligation Bonds, Series of 2015	<u>2,310,000</u>	<u>-</u>	<u>(2,310,000)</u>	<u>-</u>	<u>-</u>
	6,011,000	-	(6,011,000)	-	-
Premiums					
Issuance premium, Series of 2015	<u>199,914</u>	<u>-</u>	<u>(199,914)</u>	<u>-</u>	<u>-</u>
 TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	 <u>\$ 6,210,914</u>	 <u>\$ -</u>	 <u>\$ (6,210,914)</u>	 <u>\$ -</u>	 <u>\$ -</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value.

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers.

Management of the plan is vested in the Pension Committee, which consists of six members appointed by the Township Board of Supervisors. The Pension Committee is responsible for managing, investing and monitoring the Township's Police Pension Fund.

Plan Membership - At December 31, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>28</u>
	<u><u>33</u></u>

Benefits Provided - The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment equal to \$100 per month per year of benefit service completed in excess of 25 years, up to a maximum of \$300 additional per month. Average compensation is based upon the last 36 months of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. If an active member suffers a service related disability, they are eligible for disability retirement. The disability retirement is payable monthly equal to 50% of the member's monthly salary at the time of disability, reduced by any Social Security disability benefits received by the member for the same injuries.

The benefit provisions of the plan are established by Township ordinances.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Contributions - The Township's police employees are required to contribute a percentage of their monthly salaries to the plan. The Township is required to contribute the remaining amounts necessary to fund the plan using the actuarial basis specified by state statute. The state also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the plan.

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$487,259 to the plan for the year 2018.

Per the collective bargaining agreement, employees are required to contribute 2.0% of covered payroll. This contribution is governed by the plan's governing ordinances and collective bargaining agreements. Administrative costs, which may include, but are not limited to, investment management fees and actuarial services are charged to the plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The following was the Board's adopted asset allocation policy as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Management	
Value Style	0-25%
Growth	0-25%
Small-Mid Cap	
Value	0-20%
Growth	0-20%
International Equity Management	0-15%
Exchange Traded Funds	0-100%
Fixed Income Management	35-65%
Real Estate	0-5%
Commodities	0-5%

Concentrations - No more than 5% of the Township's investments are invested in any one investment.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -6.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 9,248,315
Plan fiduciary net position	<u>(6,952,886)</u>
NET PENSION LIABILITY	<u>\$ 2,295,429</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>75.18%</u>
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.75% annual increase
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018, (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Management	
Value Style	7.25%
Growth	7.25%
Small-Mid Cap	
Value	7.25%
Growth	7.25%
International Equity Management	7.25%
Exchange Traded Funds	7.25%
Fixed Income Management	7.25%
Real Estate	7.25%
Commodities	7.25%

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Changes in Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at December 31, 2017	\$ 8,486,848	\$ 6,979,321	\$ 1,507,527
Changes for the year			
Service cost	329,797	-	329,797
Interest	636,041	-	636,041
Differences between expected and actual experience	(117,027)	-	(117,027)
Contributions			
Employer	-	487,259	(487,259)
Member	-	63,964	(63,964)
Net investment income	-	(465,745)	465,745
Benefit payments	(87,344)	(87,344)	-
Administrative expense	-	(24,569)	24,569
Net changes	<u>761,467</u>	<u>(26,435)</u>	<u>787,902</u>
Balances at December 31, 2018	\$ <u>9,248,315</u>	\$ <u>6,952,886</u>	\$ <u>2,295,429</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net pension liability	\$ <u>3,708,032</u>	\$ <u>2,295,429</u>	\$ <u>1,131,743</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2018, the Township recognized pension expense of \$648,930 for the Police Pension Plan. At December 31, 2018, the Township reported deferred outflows and resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 199,721	\$ 241,223
Differences in assumptions	514,061	-
Net difference between projected and actual earnings on pension plan investments	<u>605,966</u>	<u>-</u>
TOTAL	<u>\$ 1,319,748</u>	<u>\$ 241,223</u>

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

<u>Year Ending December 31,</u>	
2019	\$ 246,522
2020	166,935
2021	156,548
2022	251,370
2023	53,852
Thereafter	203,298

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Non-Uniform Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Township administers the Non-Uniform Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time non-uniform employees hired prior to January 1, 2009.

Management of the plan is vested in the Pension Committee, which consists of six members appointed by the Township Board of Supervisors. The Pension Committee is responsible for managing, investing and monitoring the Township's Non-Uniform Pension Fund.

Plan Membership - At December 31, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>17</u>
	<u><u>38</u></u>

Benefits Provided - The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 65 and completion of one year of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, based upon the annuity option in effect. The amount of monthly pension is equal to 2% of average monthly compensation, multiplied by the number of years of credited service, up to a maximum of 25 years. Average compensation is based upon the last 60 months of employment. Employees are eligible for early retirement starting at age 55 with benefits reduced by 6.67% for each year from 60 to 65 and by 3.335% from ages 55 to 60.

The benefit provisions of the plan are established by Township ordinances.

Contributions - The Township is required to contribute the amounts necessary to fund the plan using the actuarial basis specified by state statute. The state also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the plan.

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$142,413 to the plan for the year 2018.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Management	
Value Style	0-25%
Growth	0-25%
Small-Mid Cap	
Value	0-20%
Growth	0-20%
International Equity Management	0-15%
Exchange Traded Funds	0-100%
Fixed Income Management	35-65%
Real Estate	0-5%
Commodities	0-5%

Concentrations - No more than 5% of the Township's investments are invested in any one investment.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -6.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 3,943,657
Plan fiduciary net position	<u>(3,414,495)</u>
NET PENSION LIABILITY	<u>\$ 529,162</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.58%</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.25% annual increase
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity Management	
Value Style	7.25%
Growth	7.25%
Small-Mid Cap	
Value	7.25%
Growth	7.25%
International Equity Management	7.25%
Exchange Traded Funds	7.25%
Fixed Income Management	7.25%
Real Estate	7.25%
Commodities	7.25%

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2017	\$ 3,720,272	\$ 3,636,304	\$ 83,968
Changes for the year			
Service cost	91,111	-	91,111
Interest	272,056	-	272,056
Differences between expected and actual experience	(22,002)	-	(22,002)
Contributions			
Employer	-	142,413	(142,413)
Member	-	-	-
Net investment income	-	(231,417)	231,417
Benefit payments	(117,780)	(117,780)	-
Administrative expense	-	(15,025)	15,025
NET CHANGES	<u>223,385</u>	<u>(221,809)</u>	<u>445,194</u>
 Balances at December 31, 2018	 <u>\$ 3,943,657</u>	 <u>\$ 3,414,495</u>	 <u>\$ 529,162</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ 1,066,533	\$ 529,162	\$ 73,999

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2018, the Township recognized pension expense of \$192,210 for the Non-Uniform Pension Plan. At December 31, 2018, the Township reported deferred outflows and resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 187,687
Differences in assumptions	124,757	-
Net difference between projected and actual earnings on pension plan investments	<u>296,593</u>	<u>-</u>
TOTAL	<u>\$ 421,350</u>	<u>\$ 187,687</u>

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

<u>Year Ending December 31,</u>	
2019	\$ 77,999
2020	32,925
2021	25,786
2022	96,953
2023	-
Thereafter	-

NOTE K - OTHER PENSION PLANS

Defined Contribution Plan

The Township also provides a defined contribution plan to substantially all former Authority employees and any non-uniform employee hired on or after January 1, 2009. Pension expense for the year ended December 31, 2018, was \$159,316.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE K - OTHER PENSION PLANS (Continued)

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The contributions are invested with an outside agent. Participants may borrow on their accounts.

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - POLICE

Plan Description

The Township provides medical, prescription and dental insurance benefits to eligible retired employees and spouses. The benefits, benefits level, employee contribution and employer contribution are administered by the Township Supervisors and can be amended by the Township through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through a union contract and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township.

Employees covered by benefit terms - At December 31, 2018, the following employees were covered by the benefit terms:

Active plan members	28
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Total OPEB Liability

The Township's total OPEB liability of \$1,927,037 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2017.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - POLICE
(Continued)

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical inflation rate	8% increase in the first year, decreasing by 1% per year to ultimate rate of 5%
Inflation	3.00%
Wage inflation	3.50%
Salary increases	4.00%, average, including inflation
Discount rate	4.10% (12/31/2018 Bond Buyer Municipal Bond Index AA) 3.44% (12/31/2017 Bond Buyer Municipal Bond Index AA)

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

Changes in the Total OPEB Liability of the Township

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2017	\$ 1,857,133	\$ -	\$ 1,857,133
Service cost	124,756	-	124,756
Interest	68,124	-	68,124
Changes for experience	(119,919)	-	(119,919)
Contributions			
Employer	-	3,057	(3,057)
Benefit payments	(3,057)	(3,057)	-
NET CHANGES	<u>69,904</u>	<u>-</u>	<u>69,904</u>
Balances at December 31, 2018	<u>\$ 1,927,037</u>	<u>\$ -</u>	<u>\$ 1,927,037</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - POLICE
(Continued)

Sensitivity of the total OPEB liability to changes in the discount rate - The following represents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1-percentage point higher (5.10%) than the current discount rate:

	<u>1% Decrease</u> 3.10%	<u>Current</u> <u>Discount Rate</u> 4.10%	<u>1% Increase</u> 5.10%
Total OPEB liability	\$ <u>2,116,324</u>	\$ <u>1,927,037</u>	\$ <u>1,754,261</u>

Sensitivity of the total OPEB liability to changes in the medical inflation rate - The following represents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u> <u>Medical</u> <u>Inflation Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>1,755,158</u>	\$ <u>1,927,037</u>	\$ <u>2,121,541</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2018, the Township recognized OPEB expense of \$182,199. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of</u> <u>Resources</u>	<u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 112,295

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

<u>Year Ending</u> <u>December 31,</u>	
2019	\$ 7,624
2020	7,624
2021	7,624
2022	7,624
2023	7,624
Thereafter	74,175

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE M - ESCROW CASH DEPOSITS AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2018, \$395,811 represents the net balance due to developers.

NOTE N - CONTINGENCIES

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

NOTE O - 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. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE P - ASSET PURCHASE AGREEMENT

On November 16, 2016, the Township entered into an Asset Purchase Agreement with Aqua Pennsylvania Wastewater, Inc. for the purchase of the sanitary wastewater collection and treatment system (the "System"). The purchase price for the system was \$75,100,000. The closing date and receipt of funds was completed on July 25, 2018. The Township used a portion of the proceeds to pay off the Township's general obligation bonds and notes. During 2019, the Township plans to reconcile the remaining assets and close the Sewer Fund.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE Q - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefit (OPEB) plans. GASB Statement No. 75 states that the Township must record any unfunded liability of their OPEB plans.

For the government-wide governmental activities, the Township has treated the beginning of year net OPEB liability of \$1,857,133 as having been recognized in the period incurred. As part of the implementation, the previously recognized obligation for other postemployment benefits under GASB 45 in the amount of \$1,986,311 will be reversed. The Township has adjusted beginning net position for the governmental activities from \$35,832,160 to \$35,961,338.

REQUIRED SUPPLEMENTARY INFORMATION

LIMERICK TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 8,149,193	\$ 8,130,333	\$ 8,334,137	\$ 203,804
Fees, licenses and permits	978,140	1,214,159	1,255,772	41,613
Interest and rents	30,000	75,000	75,658	658
Intergovernmental revenues	594,603	620,132	623,056	2,924
Fines, forfeits and costs	80,720	70,720	65,870	(4,850)
Other	97,324	103,177	131,421	28,244
TOTAL REVENUES	<u>9,929,980</u>	<u>10,213,521</u>	<u>10,485,914</u>	<u>272,393</u>
EXPENDITURES				
General government	1,910,724	2,050,006	2,044,241	5,765
Public safety	6,503,726	6,306,839	6,220,546	86,293
Public works	2,181,535	2,036,406	2,020,217	16,189
Miscellaneous	178,750	196,226	146,226	50,000
TOTAL EXPENDITURES	<u>10,774,735</u>	<u>10,589,477</u>	<u>10,431,230</u>	<u>158,247</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(844,755)</u>	<u>(375,956)</u>	<u>54,684</u>	<u>430,640</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	625,000	1,195,000	1,095,000	(100,000)
Operating transfers out	<u>(621,335)</u>	<u>(619,015)</u>	<u>(2,823,721)</u>	<u>(2,204,706)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,665</u>	<u>575,985</u>	<u>(1,728,721)</u>	<u>(2,304,706)</u>
NET CHANGE IN FUND BALANCE	(841,090)	200,029	(1,674,037)	(1,874,066)
FUND BALANCE AT BEGINNING OF YEAR	<u>8,841,786</u>	<u>8,841,786</u>	<u>8,841,786</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,000,696</u>	<u>\$ 9,041,815</u>	<u>\$ 7,167,749</u>	<u>\$ (1,874,066)</u>

See accompanying notes to the budgetary comparison schedule.

LIMERICK TOWNSHIP

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2018

NOTE A - BUDGET POLICY

The Board of Supervisors annually adopts the budget for the General Fund of the Township. Management may not amend the budget without approval of the governing body. Uncommitted appropriations lapse at year-end. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2018, there were no expenditures that exceeded appropriations in the General Fund object levels (the legal level of budgetary control).

LIMERICK TOWNSHIP
SCHEDULES OF CHANGES IN THE NET POLICE PENSION
PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 329,797	\$ 327,521	\$ 246,047	\$ 243,761	\$ 236,746
Interest	636,041	524,006	502,435	459,281	408,015
Differences between expected and actual experience	(117,027)	246,892	(7,796)	(213,278)	7,390
Changes of assumptions	-	527,043	-	142,297	-
Benefit payments	(87,344)	(77,521)	(77,521)	(77,521)	(67,939)
NET CHANGE IN TOTAL PENSION LIABILITY	761,467	1,547,941	663,165	554,540	584,212
Total pension liability, beginning	<u>8,486,848</u>	<u>6,938,907</u>	<u>6,275,742</u>	<u>5,721,202</u>	<u>5,136,990</u>
TOTAL PENSION LIABILITY, ENDING (a)	\$ <u>9,248,315</u>	\$ <u>8,486,848</u>	\$ <u>6,938,907</u>	\$ <u>6,275,742</u>	\$ <u>5,721,202</u>
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	\$ 487,259	\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
Member	63,964	58,478	41,450	23,850	21,729
Net investment income	(465,745)	903,106	355,286	(12,005)	215,890
Benefit payments, including refunds of member contributions	(87,344)	(77,521)	(77,521)	(77,521)	(67,939)
Administrative expense	(24,569)	(24,757)	(21,207)	(19,167)	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(26,435)	1,218,991	656,497	260,193	497,554
Plan fiduciary net position, beginning	<u>6,979,321</u>	<u>5,760,330</u>	<u>5,103,833</u>	<u>4,843,640</u>	<u>4,346,086</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ <u>6,952,886</u>	\$ <u>6,979,321</u>	\$ <u>5,760,330</u>	\$ <u>5,103,833</u>	\$ <u>4,843,640</u>
NET PENSION LIABILITY, ENDING (a)-(b)	\$ <u>2,295,429</u>	\$ <u>1,507,527</u>	\$ <u>1,178,577</u>	\$ <u>1,171,909</u>	\$ <u>877,562</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>75.18%</u>	<u>82.24%</u>	<u>83.01%</u>	<u>81.33%</u>	<u>84.66%</u>
COVERED PAYROLL	\$ <u>3,215,481</u>	\$ <u>2,867,795</u>	\$ <u>2,685,827</u>	\$ <u>2,248,910</u>	\$ <u>2,259,199</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>71.39%</u>	<u>52.57%</u>	<u>43.88%</u>	<u>52.11%</u>	<u>38.84%</u>

Assumption changes: For the January 1, 2015 valuation, the interest rate was lowered from 8.0% to 7.75%. For the January 1, 2017 valuation, the interest rate used was decreased from 7.75% to 7.25%.

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

LIMERICK TOWNSHIP
SCHEDULES OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 487,259	\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>487,259</u>	<u>359,685</u>	<u>358,489</u>	<u>345,036</u>	<u>327,874</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>				
COVERED PAYROLL	<u>\$ 3,215,481</u>	<u>\$ 2,867,795</u>	<u>\$ 2,685,827</u>	<u>\$ 2,248,910</u>	<u>\$ 2,259,199</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>15.15%</u>	<u>12.54%</u>	<u>13.35%</u>	<u>15.34%</u>	<u>14.51%</u>

NOTES TO SCHEDULES

Valuation date: January 1, 2017 January 1, 2015

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	12 years	12 years
Asset valuation method	Market value	Market value
Inflation	3%	3%
Salary increases	4.75% average annual increase	4.75% average annual increase
Investment rate of return	7.25%	7.75%
Retirement age	Age 52 with 27 years of service	Age 52 with 27 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

LIMERICK TOWNSHIP
SCHEDULES OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>(6.69%)</u>	<u>15.28%</u>	<u>6.99%</u>	<u>(0.52%)</u>	<u>5.82%</u>

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

LIMERICK TOWNSHIP
SCHEDULES OF CHANGES IN THE NET NON-UNIFORM PENSION
PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 91,111	\$ 92,977	\$ 99,798	\$ 97,018	\$ 98,606
Interest	272,056	258,909	257,849	233,848	215,189
Differences between expected and actual experience	(22,002)	(235,283)	(35,402)	(30,191)	(30,030)
Changes of assumptions	-	163,695	-	68,457	-
Benefit payments	(117,780)	(76,423)	(66,276)	(58,150)	(52,750)
NET CHANGE IN TOTAL PENSION LIABILITY	223,385	203,875	255,969	310,982	231,015
Total pension liability, beginning	<u>3,720,272</u>	<u>3,516,397</u>	<u>3,260,428</u>	<u>2,949,446</u>	<u>2,718,431</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 3,943,657</u>	<u>\$ 3,720,272</u>	<u>\$ 3,516,397</u>	<u>\$ 3,260,428</u>	<u>\$ 2,949,446</u>
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	\$ 142,413	\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
Member	-	-	-	-	-
Net investment income	(231,417)	484,197	200,910	(5,830)	141,082
Benefit payments, including refunds of member contributions	(117,780)	(76,423)	(66,276)	(58,150)	(52,750)
Administrative expense	(15,025)	(16,640)	(14,417)	(13,070)	(16,536)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(221,809)	515,993	255,503	70,091	205,275
Plan fiduciary net position, beginning	<u>3,636,304</u>	<u>3,120,311</u>	<u>2,864,808</u>	<u>2,794,717</u>	<u>2,589,442</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 3,414,495</u>	<u>\$ 3,636,304</u>	<u>\$ 3,120,311</u>	<u>\$ 2,864,808</u>	<u>\$ 2,794,717</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 529,162</u>	<u>\$ 83,968</u>	<u>\$ 396,086</u>	<u>\$ 395,620</u>	<u>\$ 154,729</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>86.58%</u>	<u>97.74%</u>	<u>88.74%</u>	<u>87.87%</u>	<u>94.75%</u>
COVERED PAYROLL	<u>\$ 1,127,059</u>	<u>\$ 1,147,860</u>	<u>\$ 1,101,065</u>	<u>\$ 1,363,192</u>	<u>\$ 1,326,883</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>46.95%</u>	<u>7.32%</u>	<u>35.97%</u>	<u>29.02%</u>	<u>11.66%</u>

Assumption changes: For the January 1, 2015 valuation, the interest rate was lowered from 8.0% to 7.75%. For the January 1, 2017 valuation, the interest rate used was decreased from 7.75% to 7.25%.

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

LIMERICK TOWNSHIP
SCHEDULES OF NON-UNIFORM PENSION PLAN
CONTRIBUTIONS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 142,413	\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>142,413</u>	<u>124,859</u>	<u>135,286</u>	<u>147,141</u>	<u>133,479</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>				
COVERED PAYROLL	<u>\$ 1,127,059</u>	<u>\$ 1,147,860</u>	<u>\$ 1,101,065</u>	<u>\$ 1,363,192</u>	<u>\$ 1,326,883</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>12.64%</u>	<u>10.88%</u>	<u>12.29%</u>	<u>10.79%</u>	<u>10.06%</u>

NOTES TO SCHEDULES

Valuation date: January 1, 2017 January 1, 2015

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	14 years	13 years
Asset valuation method	Market value	Market value
Inflation	3%	3%
Salary increases	4.25% average annual increase	4.75% average annual increase
Investment rate of return	7.25%	7.75%
Retirement age	Normal retirement age	Normal retirement age
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

LIMERICK TOWNSHIP
SCHEDULES OF NON-UNIFORM PENSION PLAN
INVESTMENT RETURNS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>(6.78%)</u>	<u>15.38%</u>	<u>7.04%</u>	<u>(0.52%)</u>	<u>5.58%</u>

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

LIMERICK TOWNSHIP**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR**

	<u>2018</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 124,756
Interest	68,124
Changes for experience	(119,919)
Benefit payments	<u>(3,057)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	69,904
TOTAL OPEB LIABILITY, BEGINNING	<u>1,857,133</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 1,927,037</u>
COVERED PAYROLL	<u>\$ 2,896,398</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>66.53%</u>

NOTE TO SCHEDULE

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

SUPPLEMENTARY INFORMATION SECTION

LIMERICK TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>Highway Aid Fund</u>	<u>Community Development Block Grant Fund</u>
ASSETS		
Cash and cash equivalents	\$ 368,356	\$ 1,405
Investments	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 368,356</u>	<u>\$ 1,405</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES		
Restricted for		
Road and street improvements	368,356	-
CDBG grants	-	1,405
Assigned to		
Road improvements	-	-
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>368,356</u>	<u>1,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 368,356</u>	<u>\$ 1,405</u>

See accompanying notes to the basic financial statements.

<u>Road Improvement Fund</u>	<u>Total Other Governmental Funds</u>
\$ 647,222	\$ 1,016,983
<u>1,237,611</u>	<u>1,237,611</u>
\$ <u>1,884,833</u>	\$ <u>2,254,594</u>
\$ <u>39,091</u>	\$ <u>39,091</u>
-	368,356
	1,405
1,845,742	1,845,742
-	-
<u>1,845,742</u>	<u>2,215,503</u>
\$ <u>1,884,833</u>	\$ <u>2,254,594</u>

LIMERICK TOWNSHIP**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	<u>Highway Aid Fund</u>	<u>Community Development Block Grant Fund</u>
REVENUES		
Fees, licenses, and permits	\$ -	\$ -
Interest and rents	1,471	10
Intergovernmental revenues	632,229	151,704
Other	1,842	-
TOTAL REVENUES	<u>635,542</u>	<u>151,714</u>
EXPENDITURES		
Public safety	527,658	-
Public works	420,732	-
Conservation and development	-	151,704
TOTAL EXPENDITURES	<u>948,390</u>	<u>151,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(312,848)</u>	<u>10</u>
NET CHANGE IN FUND BALANCES	(312,848)	10
FUND BALANCES AT BEGINNING OF YEAR	<u>681,204</u>	<u>1,395</u>
FUND BALANCES AT END OF YEAR	<u>\$ 368,356</u>	<u>\$ 1,405</u>

See accompanying notes to the basic financial statements.

<u>Road Improvement Fund</u>	<u>Total Other Governmental Funds</u>
\$ 207,176	\$ 207,176
-	1,481
-	783,933
<u>51,657</u>	<u>53,499</u>
<u>258,833</u>	<u>1,046,089</u>
-	527,658
132,407	553,139
-	151,704
<u>132,407</u>	<u>1,232,501</u>
<u>126,426</u>	<u>(186,412)</u>
126,426	(186,412)
<u>1,719,316</u>	<u>2,401,915</u>
\$ <u><u>1,845,742</u></u>	\$ <u><u>2,215,503</u></u>

LIMERICK TOWNSHIP
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ASSETS			
Cash, restricted	\$ 219,209	\$ 147,400	\$ 366,609
Investments, restricted	6,739,677	3,261,095	10,000,772
TOTAL ASSETS	<u>6,958,886</u>	<u>3,408,495</u>	<u>10,367,381</u>
LIABILITIES			
Due to (from) other funds	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 6,952,886</u>	<u>\$ 3,414,495</u>	<u>\$ 10,367,381</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****YEAR ENDED DECEMBER 31, 2018**

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	\$ 215,564	\$ 72,147	\$ 287,711
Employee	63,964	-	63,964
State allocation	271,695	70,266	341,961
TOTAL CONTRIBUTIONS	<u>551,223</u>	<u>142,413</u>	<u>693,636</u>
Income (loss) from investments			
Net depreciation in fair value of investments	(900,815)	(448,261)	(1,349,076)
Net investment income (loss)	<u>435,070</u>	<u>216,844</u>	<u>651,914</u>
TOTAL INCOME (LOSS) FROM INVESTMENTS	<u>(465,745)</u>	<u>(231,417)</u>	<u>(697,162)</u>
Investment expense	<u>(24,569)</u>	<u>(15,025)</u>	<u>(39,594)</u>
INVESTMENT INCOME (LOSS), net	<u>(490,314)</u>	<u>(246,442)</u>	<u>(736,756)</u>
TOTAL ADDITIONS	60,909	(104,029)	(43,120)
DEDUCTIONS			
Benefits	<u>87,344</u>	<u>117,780</u>	<u>205,124</u>
CHANGE IN NET POSITION	(26,435)	(221,809)	(248,244)
NET POSITION AT BEGINNING OF YEAR	<u>6,979,321</u>	<u>3,636,304</u>	<u>10,615,625</u>
NET POSITION AT END OF YEAR	<u>\$ 6,952,886</u>	<u>\$ 3,414,495</u>	<u>\$ 10,367,381</u>

See accompanying notes to the basic financial statements.