

LIMERICK TOWNSHIP
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2020



INTRODUCTORY SECTION

LIMERICK TOWNSHIP

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LIMERICK TOWNSHIP

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Limerick Township as of and for the year ended December 31, 2020, 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, each major fund and the aggregate remaining fund information of Limerick Township as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

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.



Limerick, Pennsylvania
June 15, 2021

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 financial statements. The Township's 2020 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. With the sale of the sewer system to Aqua of PA in July 2018, the Township no longer has any business type activities, although there was some residual activity during 2019.

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, 2020

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 ten 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 Funds (includes the Equipment Fund and Park Capital Fund), Fire Protection Fund, and Road Improvement Fund, which are all considered to be major funds. The remaining four funds are aggregated into one column and are labeled "Other Governmental Funds." ("Other Governmental Funds" are detailed on pages 72 and 73 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.

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 Custodial Funds.

The Fiduciary Funds financial statements can be found on pages 32 and 33 of this report.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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 34 through 62 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 63 through 71 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 72 through 75.

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 \$111,604,887 at the close of December 31, 2020, which represents an increase of \$1,352,281 from the previous year. Current and other assets increased by \$2,232,048, primarily due to the earnings and appreciation of the Capital Reserve investments.

Capital assets, net, decreased by \$659,065, due to minor capital purchases during the year, offset by annual depreciation.

The Township's investment in capital assets, \$39,117,017 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.

The other portion of the Township's net position, \$69,414,453 or 62% is unrestricted net position and may be used to meet the Township's ongoing obligations to citizens and creditors. Most 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, \$3,013,417 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 developer deposits.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2019-2020
	2020	2019	2020	2019	2020	2019	
ASSETS							
Current and other assets	\$ 77,587,083	\$ 75,355,035	\$ -	\$ -	\$ 77,587,083	\$ 75,355,035	2.96%
Capital assets	39,177,017	39,836,082	-	-	39,177,017	39,836,082	-1.65%
TOTAL ASSETS	116,764,100	115,191,117	-	-	116,764,100	115,191,117	1.37%
DEFERRED OUTFLOWS OF RESOURCES							
	707,321	848,181	-	-	707,321	848,181	-16.61%
LIABILITIES							
Other liabilities	1,260,956	1,045,688	-	-	1,260,956	1,045,688	20.59%
Long-term liabilities	2,799,993	3,665,129	-	-	2,799,993	3,665,129	-23.60%
TOTAL LIABILITIES	4,060,949	4,710,817	-	-	4,060,949	4,710,817	-13.80%
DEFERRED INFLOWS OF RESOURCES							
	1,805,585	1,075,875	-	-	1,805,585	1,075,875	67.82%
NET POSITION							
Net investment in capital assets	39,177,017	39,802,087	-	-	39,177,017	39,802,087	-1.57%
Restricted	3,013,417	2,550,783	-	-	3,013,417	2,550,783	18.14%
Unrestricted	69,414,453	67,899,736	-	-	69,414,453	67,899,736	2.23%
TOTAL NET POSITION	\$ 111,604,887	\$ 110,252,606	\$ -	\$ -	\$ 111,604,887	\$ 110,252,606	1.23%

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

The Township's statement of activities shows how the net position changed during the fiscal year 2020. 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, 2020 to December 31, 2020, and from January 1, 2019 to December 31, 2019.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2019-2020
	2020	2019	2020	2019	2020	2019	
REVENUES							
Program revenues							
Charges for services	\$ 1,279,222	\$ 2,224,593	\$ -	\$ 5,727	\$ 1,279,222	\$ 2,230,320	-42.64%
Operating grants and contributions	1,402,532	1,960,282	-	-	1,402,532	1,960,282	-28.45%
Capital grants and contributions	650	10,000	-	-	650	10,000	100.00%
General revenues							
Taxes, levied for general purposes	9,919,241	9,849,816	-	-	9,919,241	9,849,816	0.70%
Gain on sale of assets	28,123	36,990	-	-	28,123	36,990	-23.97%
Other	2,883,958	4,490,515	-	4,513	2,883,958	4,495,028	-35.84%
TOTAL REVENUES	15,513,726	18,572,196	-	10,240	15,513,726	18,582,436	-16.51%
EXPENSES							
General government	1,594,482	2,398,617	-	-	1,594,482	2,398,617	-33.52%
Public safety	7,902,756	12,363,310	-	-	7,902,756	12,363,310	-36.08%
Public works	3,267,733	3,392,393	-	-	3,267,733	3,392,393	-3.67%
Culture and recreation	1,176,004	1,335,151	-	-	1,176,004	1,335,151	-11.92%
Conservation and development	20,411	250,989	-	-	20,411	250,989	-91.87%
Miscellaneous	200,059	176,503	-	-	200,059	176,503	13.35%
Water, sewer and parking	-	-	-	99	-	99	-100.00%
TOTAL EXPENSES	14,161,445	19,916,963	-	99	14,161,445	19,917,062	-28.90%
CHANGE IN NET POSITION BEFORE TRANSFERS							
	1,352,281	(1,344,767)	-	10,141	1,352,281	(1,334,626)	-201.32%
TRANSFERS	-	6,460,838	-	(6,460,838)	-	-	0.00%
CHANGE IN NET POSITION							
	1,352,281	5,116,071	-	(6,450,697)	1,352,281	(1,334,626)	-201.32%
NET POSITION AT BEGINNING OF YEAR	110,252,606	105,136,535	-	6,450,697	110,252,606	111,587,232	-1.20%
NET POSITION AT END OF YEAR	\$ 111,604,887	\$ 110,252,606	\$ -	\$ -	\$ 111,604,887	\$ 110,252,606	1.23%

As shown above, the Township's net position increased by \$1,352,281 from January 1, 2020, and decreased by \$1,334,626 from January 1, 2019.

The increase in net position at the end of the year 2020 was due to reduction in wages and expenses as well as deferment of projects due to COVID-19. At the beginning of COVID it was thought that revenues, specifically EIT, property transfers and interest earnings, would severely decline and therefore the departments were directed to cut expenses and defer projects when possible. Additionally, the hours of some staff were reduced to reduce expenses.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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 \$1,607,490 and it increases the fund balances from January 1, 2020 to December 31, 2020. The total fund balances at December 31, 2020, are \$75,988,597.

The reconciliation on page 29 explains how the Township arrived at the governmental activities net position of \$111,604,887 from the fund balance in the governmental funds of \$75,988,597.

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

Expenses and Program Revenues

	2020			2019		
	Expenses	Program Revenues	% of Program Revenues to Expenses	Expenses	Program Revenues	% of Program Revenues to Expenses
General government	\$ 1,594,482	\$ -	0%	\$ 2,398,617	\$ -	0%
Public safety	7,902,756	177,148	2%	12,363,310	185,264	1%
Public works	3,267,733	2,395,885	73%	3,392,393	3,121,540	92%
Culture and recreation	1,176,004	86,812	7%	1,335,151	638,789	48%
Conservation and development	20,411	22,559	111%	250,989	249,282	99%
Miscellaneous	200,059	-	0%	176,503	-	0%
	<u>\$ 14,161,445</u>	<u>\$ 2,682,404</u>	19%	<u>\$ 19,916,963</u>	<u>\$ 4,194,875</u>	21%

The Township's governmental activities' program revenues (charges for services, operating grants and contributions) for each governmental department cover 19% or \$2,682,404 of the expenses in 2020. A small decrease from 2019.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2020 budget was adopted in December 2019. That budget was amended three times during the year, in July (Resolution 2020-08), September (Resolution 2020-32) and again in December (Resolution 2020-43). These amendments resulted in budgeted General Fund expenditures equaling revenues as compared to a \$229,169 use of cash reserves originally budgeted. As of year-end, revenues exceeded the amended budget by \$534,971 and expenditures were less than the amended budget estimates by \$337,913. A comparison of budget to actual numbers for the General Fund can be found on page 63 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 \$435,259. The largest portion of the Township's real estate tax is accounted for in the General Fund. There were no tax increases in 2020. The General Fund milage remained at 2.069. Taxes received were \$3,121,800 about \$156,000 higher than the budgeted amount. Although the Township's assessed value continues to gradually increase (1.48% and .83% in 2020 and 2019 respectively), that increase does not provide a significant increase in taxes. The overall tax milage rate was last increased in 2016.

The Township collected \$776,331 in Real Estate Transfer Taxes, \$76,000 more than the budgeted amount of \$700,000 and \$101,000 more than the original budget. 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 \$640,000 over the last ten years and \$757,000 over the last three years. This increase is reflective of the increase in residential units being constructed within the Township. 363 residential transfers resulted in \$623,300 as compared to 417 in 2019 and 359 in 2018. 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. Eight commercial properties were sold in 2020 resulting in approximately \$153,000 in transfer taxes.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Earned Income Tax is levied at 1% for residents and is shared with the Spring-Ford Area School District. From the onset of COVID, it was anticipated that EIT revenues would decrease by approximately 10% or \$400,000. However, actual 2020 collections were \$4,752,915 about \$153,000 more than budgeted; and about \$98,000 more than collected in 2019. The assumption was that many of the wage earners in Limerick Township were able to continue working from home. 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 2020 were \$510,212 slightly higher than the budgeted amount and were approximately \$56,000 less than the 2019 collections. The 2020 budget for LST was reduced by \$50,000 or 10% at the onset of COVID due to the shutdown of the local outlet mall and many restaurants.

Fees, Licenses and Permits: This category includes Cable Franchise fees and licenses, fees and permits related to construction. The 2020 original budget was \$883,538, the amended budget was \$945,334, an increase of \$61,796 and actual revenues were \$1,038,291, an increase of \$92,957 from the amended budget. Commercial building permits were originally budgeted at \$100,000 but actual receipts were about \$162,000. New construction permits were issued for Grass Sports, Linfield Fire Station, 181 Possum Hollow and Phycare Suites as well as many alteration permits. Residential permit revenue of \$185,000 exceeded the original budget of \$110,000. New residential building permits included 41 permits for Everleigh at Limerick Pointe and Overlook at Creekside.

Expenses

- **General Government:** The General Government category includes Township Administration, Tax Collection, Legal, Engineering, Technology and Facilities Management. Total expenses were \$1,934,005, about \$226,000 less than the original budget and \$50,000 less than the final budget. Staff and professionals were directed to defer projects and reduce costs wherever possible due to the anticipated reduction in revenues due to COVID-19. Staff hours were reduced across multiple departments to help with the expense savings.
- **Public Safety:** The Public Safety category includes Police, Code Enforcement, Emergency Services and Planning & Zoning account groups. This category accounts for 61% of the General Fund budget. Combined expenses in these groups were \$6,541,641 in 2020 about \$131,000 less than the amended budget but \$844,000 less than original budget. The reduction in expenses, primarily reduced personnel costs was a concerted effort to reduce spending due the anticipated reduction in revenues because of COVID. Additionally, about \$200,000 of planned studies were deferred until 2021.
- **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 19% of the general fund budget. Overall, public works expenditures were about \$305,000 less than the 2020 original budget due to reduced hours and projects due to COVID. Additionally, a mild winter resulted in savings of \$128,000.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

- **Miscellaneous:** Miscellaneous expenditures include Property and Liability Insurances and Contributions. 2020 expenses of \$190,721 were about \$51,000 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's capital assets as of December 31, 2020, were \$39,177,017 (net of accumulated depreciation), a decrease of \$659,065 from 2019. This includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads, sewer systems and traffic signals.

Current Year Major Additions

Land & Improvements

The Beck property was purchased at a cost of \$75,381. This 3.5-acre property will be merged into the Township's adjoining Stone Hill Open Space property.

Building and Building Improvements - Governmental Activities

A retaining wall originally sitting on township open space was reconstructed behind several homes in the Aronomink subdivision at a cost of \$193,439.

Construction in Progress –

The township approved a program to replace all streetlights with LED lamps at a cost of approximately \$250,000. The first step was the buyback of the existing streetlights from PECO at a cost of \$48,491. This project is expected to be completed in 2021.

Machinery and Equipment

The total additions for machinery and equipment were \$483,998 and included:

- Replacement – Tandem Axle 10-Wheeler \$180,771
- Replacement (3) Police vehicles \$150,236
- Replacement – Ford F350 \$63,124
- Replacement – Gas & Diesel Fuel Pump \$37,089
- Replacement – K9 Dog \$15,000
- Ballistic Shields -(4) \$11,746

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

Long-Term Debt

At December 31, 2020 the Township's long-term debt was \$0. The final payment for emergency radios financed over 5 years through Montgomery County and was paid off in 2020.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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 2020 and continue to ensure the Township can meet the challenges of the future.

Budget discussions were held during regularly scheduled meetings on October 6th, 20th, and November 10th. At the October 6th meeting, the Police, Planning and Zoning, Code, Park and Recreation and Administrative departments were reviewed. At the second Budget meeting on October 20th, Public Works, Park Maintenance, Emergency Services and Fire Protection were discussed. The meeting on November 10th included the Limerick Fire Department as well as a full discussion on all Capital and Unfunded Requests. The Board was offered a review of all reserve accounts and the impact all capital and unfunded requests would have on each fund. The final review of the full budget was presented on November 17th at which time the Board approved advertisement. The 2021 Budget was adopted on December 15, 2020.

Because of the ongoing COVID crisis all departments were instructed to limit unfunded and capital requests unless they were needed to maintain base line services equal to 2020 levels. Ahead of departmental discussions, the Board was briefed on the following issues and objectives that would be the focus of upcoming budget discussions:

- COVID related issues are projected to negatively impact tax revenues
- Federal interest rates will remain low and suppress interest earnings used to offset need for tax revenues
- Departmental focus will be on base level services and continuation of existing projects
- Improve communication to the community via the website and other social medias
- Continue to address long-range planning needs as Limerick is expected to remain a desired location for both residential and commercial development

In terms of capital projects, the focus of 2021 will be to complete projects that have been ongoing for the past several years which include:

- Sanatoga Interchange
- Lewis Road Sidewalks
- TAP Trail
- LCP Masterplan, Phase 1
- Royersford Road Realignment

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Further discussion also highlighted the ongoing operational deficit that to date has been covered with interest returns from the invested sewer sale monies. Since the sale in 2018, the interest earnings on the approximately \$58 million of remaining sale proceeds has provided an alternate funding stream to the township to offset operational deficits. Assets of the fund have been used to complete important capital projects without the need to impose additional taxes on the community. The administration projected that this funding strategy could hold for approximately five years before a need for additional taxes. As noted, the original 2020 Budget required a significant transfer of Capital Reserve Funds to offset the approximately \$2 million operational deficit. While this deficit was reduced with departmental cuts and higher than anticipated permit revenues, 2021 projections will detail that the structural budget deficit remains and will continue to grow in the future. At the start of Budget discussions, the Board reiterated their objective to protect the principal balance within the Capital Reserve Fund to maximize investment returns. Any required transfer to the General Fund should be limited to interest earnings.

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 and Capital 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.

While the 2021 Budget will only detail operations for the upcoming year, the administration reviews long-range projections to ensure no single year proposal would negatively impact future years' budgets. Each department is instructed to continue to look long-term to ensure their operations and desired projects and programs fit into future year objectives.

The following is a review of the budget discussions. Later in this report is a summation of the Board's approved goals and objectives incorporated into the 2021 Budget.

Police

No new hires were requested, and the Department will remain at its current staffing level of 30 sworn officers and 3.5 civilians. A contractual wage increase of 3% contributes to the overall departmental projected budget increase of 3%. This overall percentage increase is lower than previous years due to departmental cuts during 2020 to account for COVID related issues. The overall projected Police budget is \$5,520,186, and this department continues to be the largest obligation funded by the General Fund.

Capital requests discussed with the Board are as follows:

• Replacement vehicles (3)	\$ 97,000
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Unfunded requests include the following items:

• K9 (Rambo replacement)	\$ 15,500
• Building Enhancements (deferred from 2020)	\$ 3,400

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

The Chief and Lieutenant discussed the merits of each capital and unfunded request including health issues with K9 Rambo that will force an earlier than expected retirement. It was noted that the K9 fund has approximately \$9,600 remaining of donated funds available toward the purchase of the new dog.

All capital and unfunded requests of the police department were approved by the Board.

Public Works

The structure of the Department continues to be split into two primary programs, Roads and Park Maintenance. The current staffing of the Roads crew remains the same for 2021 at 13 full-time employees. 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. Future discussions on increased manpower will be required in future year budgets. The Park Maintenance crew will also remain at its current staffing level of 6 full-time employees and 2 seasonal positions. Like the Road crew, the ongoing expansion of Township parks, trails and open space continue to stress the crew and future positions will be under discussion.

The Road Maintenance expenditures are budgeted at \$2,409,600 which is a 13% increase from 2020 yearend projections and a 5% increase from 2020 original budget. The increase is contributed to a 3% wage increase, provided to all non-uniform employees and to the reduction of this departments expenditures in 2020 to address COVID. Funding for this department comes from the General Fund.

The Township's annual road program was reviewed based on questions from the Board throughout the year about paving and road surface practices. The discussion included a review of the inspection process, routine maintenance, and preventive maintenance practices funded within the General Fund. Also offered for discussion were rehabilitation and full reconstruction processes that are funded with Liquid Fuel monies. The Board agreed with the success of the road program and stated that it should continue based on the recommendation of the Road Master.

The Board was offered a review of proposed road projects totaling \$700,000 funded by the Liquid Fuels. These proposed projects fall under the rehabilitation and or reconstruction categories of our overall summer road program. The following is the status of the Liquid Fuel Fund for 2021 which will provide a sizable surplus of \$362,272 available for future year road projects. Liquid Fuel funds can also be used to purchase trucks and equipment.

This fund balance will be the topic of a capital equipment purchase later in this report.

• Liquid Fuels Reserves (12/20)	\$ 486,950
• Liquid Fuels allotment (2021)	571,822
• Interest	<u>3,500</u>
	\$ 1,062,272
2021 proposed contracted paving	(700,000)
Reserve Available 12/31/2021	\$ 362,272

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

The Department is also planning the following road maintenance projects which are paid from the General Fund because the projects are not eligible expenses under Liquid Fuels guidelines:

• Street Sweeping	\$ 5,500
• Oil & Chip:	\$ 180,000

The Department had five capital requests:

• Replace the current 2010 backhoe	\$ 150,000
• Replace the 2004 Sterling Dump truck (Both of these vehicles can be purchased with Liquid Fuel Funds)	\$ 170,000
• Replace the salt shed roof	\$ 40,000
• Complete the final phase of the fence around the PW yard (deferred from 2020)	\$ 25,000
• Two Bus Shelters (funding available from 2019 grant award)	\$ 24,000

The Department had no unfunded requests.

The Board approved the entire road program and the purchase of a new backhoe utilizing Liquid Fuels funds, the replacement of the roof on the salt shed from Capital Equipment funds, and the purchase and installation of the two bus shelters using previously received grant funds. All other requests were deferred until future year budgets.

PARK MAINTENANCE

The Parks Maintenance department is responsible for maintaining all township parks, open space, trails, and playgrounds. 2021 expenditures are budgeted at \$669,000 a 3% increase over the 2020 original budget. About 16% of these costs or \$108,400 are funded by the real estate tax collected specifically for parks. Most of the funding is from a transfer from the General Fund, projected to be \$572,365 in 2021. The need for a sizable transfer to supplement the real estate taxes allocated to parks has been an ongoing discussion with the Board. This budget will again note that as more park and recreation amenities are added, the transfer from the General Fund will continue to grow.

The following Capital Requests were reviewed with the Board.

• Replace – 2010 Landscape Trailer	\$ 6,500
• Replace – 2012 Tri Deck Mower	13,500
• Replace – 2013 Zero Turn Mower 72"	9,000

A single Unfunded Request was also reviewed.

• Kubota mower broom & blower attachments	\$ 9,800
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The Board approved the replacement of the Tri Deck and Zero Turn mowers.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Parks and Recreation

2021 projected expenditures for the department are \$466,895 a modest 3% increase from the 2020 original budget. At the beginning year, staffing will be a full-time Director and one full-time recreational programmer. It is expected that the open programmer position eliminated in 2020 due to COVID cutbacks, will be filled by the second quarter if COVID conditions improve to allow the summer camp program to take place. The only request of the Department is for the purchase of five tablets at a cost of \$4,000 to ease the check-in and check-out process of children during the summer camp program. This purchase was approved in 2020 but deferred when camps were canceled because of the pandemic. The Board approved the purchase of the five tablets.

Planning and Zoning

2021 budgeted expenditures for this Department are \$599,925 a 6% decrease from the original 2020 Budget. Staffing will remain the same with three full-time positions which include:

- Director of Community Planning
- Assistant Zoning Officer
- GIS Coordinator

This Department is charged with the maintenance of all township codes and ordinances as well as coordination of all planning studies. Proper planning over the past decade has resulted in substantial grant awards to the Township of over \$14 million. As Limerick begins a new decade, and continues to feel the pressure of significant development, the importance of maintaining a pro-active approach to planning was a key discussion with the Board for the 2021 Budget. In particular, a developer continues to discuss concepts for the abandoned Publicker property in Linfield Village. This project will have a dramatic impact on the Village and a proper plan for the entire area is needed. The Board also desires to preserve additional lands within the Township in an effort to limit development.

Both the Linfield Master Plan and the update to the Open Space Plan were started in 2020 but placed on hold at the onset of the COVID crisis. The Board requested that both resume in the 2021 budget. An update to the Township's Act 209 Ordinance is required by law every ten years. This study was delayed in 2020 but got underway in November with the balance requested in 2021. Several Board members have also discussed the need to amend the Main Street District along Ridge Pike based on changing market conditions. Lastly, a study to define a new logo and branding for the Township was placed on hold in 2020. The planning projects for the Board's consideration were as follows:

• Act 209 Plan Impact Fee Update	\$ 50,000
• Linfield Village Master Plan	\$ 37,500
• Open Space Update	\$ 40,000
• Logo Update	\$ 17,000
• Main Street Ordinance Update	\$ 14,500

The department had no Capital requests. As noted already in this report, the Township's grant success continued in 2020 with another \$225,000 award for Phase One of the Community Park improvement plan. Staff requested funding to prepare additional grants for 2021 in the amount of \$15,000.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Another discussion was funding options for several long-range capital projects that are of great importance to the Township. All have been mentioned in this report such as the Royersford/Linfield Trappe intersection, the estimated \$15 million upgrade to the Community Park, and the desire to preserve additional lands within the community. To assist with outside funding, in a similar fashion to the effort that led to the \$2.1 million federal grant for the Sanatoga Ramp, the Board asked that money be included into the 2021 Budget for consultant services that seek higher level state funds. These requests are listed below:

• Grant applications	\$ 15,000
• Long Range Grant Funding	\$ 60,000
• General Planning	\$ 5,000

After extended discussion on all requests, the Board approved:

• Act 209 Plan Impact Fee Update	\$ 50,000
• Linfield Village Master Plan	\$ 37,500
• Open Space Update	\$ 40,000
• Grant applications	\$ 15,000
• Long Range Grant Funding	\$ 60,000
• General Planning	\$ 5,000

They declined to appropriate monies for the Logo and Main Street Update at this time.

Code Services

The 2021 Budget for the four-person department is \$282,525 which is a 18% decrease from 2020 projected costs. This is primarily due to the retirement of the former Director in 2020 and a decision to promote from within and leaving the department at one less position than 2020. Staffing for 2021 will be two-full time inspectors and a full-time administrative assistant which is believed adequate to handle projected activity. While permit revenue was above projections for 2020, fewer approved development projects and unknown national economic impacts due to COVID should reduce permit activities from previous years. A conservative approach to permit revenues for 2021 has set departmental revenues at pre-2019 levels. The newly promoted Director anticipates retiring in a few years and the Township will need to consider succession options for future year budgets.

There are no capital or unfunded requests made by the Department.

Emergency Services

With the downsizing of the department due to COVID, 2021 staffing begins with a full-time Fire Marshal and Asst. Fire Marshal. Funding to rehire a full-time Fire Inspector and Administrative Assistant is included in the Budget, but hiring is not expected to occur until the second quarter. Projected budget for 2021 is \$412,950 which is a 9.8% increase over 2020 original budget.

No capital or unfunded requests were made, and it is expected the department will operate at base line levels until the pandemic subsides to a point where we are comfortable that life safety inspections can begin again.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Administration

This Department supports the Board of Supervisors, Township Manager, Legal & Engineering, Finance/HR, Tax Collection, Technology and Building Maintenance. Seven full-time employees make up this department with a 2021 budget of \$1,871,684. This budget is a minimal 1% increase over 2020 original budget. No overall changes to staffing or duties were proposed.

A single capital request for a Share Point Upgrade in the amount of \$7,500 was presented. The Board agreed to fund this request because of the importance to our overall file management system.

The following Unfunded Requests were discussed:

• Traffic Signal Upgrade – 10 th & Main	\$50,000
• Twp. Line Study – joint with Perkiomen Twp.	\$30,000
• IT Disaster Recovery Plan	\$ 6,400
• Website Upgrade	\$ 5,000

The importance in addressing accessible safety is the primary reason for the 10th and Main signal upgrade. The need to maintain accessibility to our software programs in the event of a disaster is the reason for the IT Disaster Recovery Plan. Both of these requested unfunded requests were approved.

The Board did not approve the website upgrade or the Twp. Line Road study, deciding to defer both for future consideration.

Fire Department

The budget for Fire Protection includes the operational and capital costs of the Limerick Fire Department as well as public hydrant water charges. The 2021 budget is \$1,081,668. With projected receipts of \$640,000 in fire taxes, \$157,000 in State Fire Relief funding, along with interest and a general fund transfer of \$62,000 to cover the Township's obligation to the VIP Program. This will leave an ending year projected surplus of \$78,132, and a total Fire Fund Reserve of \$315,700 by the close of 2021.

Members of the Fire Company met with the Board at the November 10th meeting to review the department and 2021 requests. They reviewed the 15-year apparatus replacement plan and noted that the planned purchase of an Air and Light Special Service vehicle is still scheduled for 2021 at a cost of \$567,000. The 2021 Budget includes the final \$58,938 payment for the Quint Loan. An update on the construction of the new Linfield station concluded that the completion is expected in early 2021 rather than by year end. The 2021 budget provides funds to pay the annual loan payment of about \$300,000.

There were no other capital requests but a brief update on the desired training facility was discussed with the Board.

Roads/Infrastructure Projects

Linfield Trappe/Township Line Road Intersection – As previously noted, an additional \$200,000 was allocated to Upper Providence in support of the project after the PennDOT we heard that the State may consider reinstating this funding by July of 2021. If received, this funding will be returned to the Capital Reserve Fund.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Royersford/Linfield Trappe Intersection – Funding to complete the design of this \$5.4 million project was approved in the 2021 Budget. It is expected that discussion on right-of-way acquisition from property owners will commence this year and it is hoped the project will be shovel ready by year end.

Sanatoga/Route 422 Interchange – With a successful bid award at the close of 2020 that brought the project in approximately \$1,000,000 under budget, construction is set to begin in early 2021. A ten-month construction period should have the new ramp open prior to the year-end holiday season. The Township's 65% obligation to the 20% match for the project should be lower as well so long as there are no significant change orders. As noted, all Limerick match funding will come from collected Traffic Impact fees without the need of tax money.

Lewis Road Improvement Project – Activity planned for 2021 will be the final design and obtaining outside agency approvals. It is hoped that construction easements can be obtained as well as will allow for bidding to begin by year-end. Construction should be ready by early 2022. The Township continues to work with PA American Water who wants to replace a water line in Lewis Road while the Township is under construction with our portion of the project.

Trail Projects – Construction of the PECO Phase Two trail will begin in early 2021 and is expected to be completed by the fall. Based on discussions with PECO during the agreement process, they noted that certain changes will be necessary on the existing Phase One Trail to include a removal of all metal signage and bollards to be replaced with non-metallic type of amenities. This project will be completed by the Township in 2021. The Township has also submitted a separate grant request for approximately \$65,000 for funding for the installation of pedestrian crossing signals on Lewis Road to allow to safely cross the roadway. It is hoped that a grant award will be received in time to complete this crossing while the Phase Two portion of the trail is under construction.

Bus Shelters – The remaining two bus shelters are proposed to be constructed under a \$48,000 grant obtained for the Township by Representative Joe Ciresi. Right of way acquisition for the third shelter at the corner of Kugler and Ridge is planned for 2021. As of the writing of this memo, the final shelter location has not been finalized.

The proposed Budget was presented to the Board on November 17th. Based on Board authorization, the 2021 Budget was advertised and subsequently approved on December 15, 2020 and the following items are the larger scale actions incorporated into the approved Budget.

- **\$21,883,657 Budget across all funds**
- **No Increase in Real Estate Tax Rates**
- **Operational Deficit**
 - The 2021 General Fund budget was approved with an operational budget deficit of \$712,645. This is a significant increase from previous years but with positive budget management we hope that added revenues will be achieved to offset the deficit. The Board expressed confidence that this deficit will be reduced as has occurred in past years.
- **Transfer from Capital Reserve Fund**
 - A budgeted transfer of interest earnings in the amount of \$1,800,000 into the General Fund, will eliminate the need to increase property taxes to balance the budget.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

- **Fire Company Capital Program**

- Approved the full operational Budget of \$1,159,800 as presented on November 10th which includes the proposed 2021 purchase of the air and light special service vehicle included in the 15-apparatus replacement plan. There is no cost to the Township for this vehicle in 2021.
- Based on continued concern with how COVID will impact the overall Township Budget, the Board decided not to pay off the Linfield Station loan but instead allocated sufficient funds to cover the annual principal and interest payments. This action will allow the Capital Reserve principal balance to remain above the base line \$58 million threshold set by the Board.

- **EMS Agencies**

- \$40,000 allocated to continue the funding to support the program established in 2019.

- **Public Library**

- Per Board direction from several years ago, a \$1,000 increase per year in the library contribution will continue until it matches the level of \$1 per each resident. The 2021 contribution will be \$14,000.

- **Roads/Infrastructure**

- Royersford/Linfield Trappe – funding was approved to complete the design and permitting phase of the project, so it is “shovel ready” as soon as possible. This will include all right-of-way acquisitions. No funding has been finalized for the construction phase, but staff was instructed to seek out all funding options which will be a key objective of the grant funding consultant.
- Sanatoga/Route 422 Interchange – continuation of project under the \$2.1 million grant award was set for the construction of this project that will begin in early 2021. The Board also affirmed township match obligations at the 65% level.
- Lewis Road Sidewalk Improvement Project – approved use of matching funds to move forward with design and permitting stage of the project so bidding can be undertaken as soon as possible. Project budget continues to remain at Township match of \$328,000 along with a grant award in the amount of \$783,421.

- **Programs and Projects**

- Open Space Update – approved funding to restart the study with an expected completion date of summer 2021. A decision will be made at that time as to whether the Board will move forward with a referendum on the fall ballot to increase the EIT tax rate for the specific purpose of purchasing additional open space.
- Act 209 Study – approved funding to complete the study that began in late 2020. As noted earlier, this update is required every 10 years which includes a revised Improvement Plan incorporated into the ACT 209 Ordinance.
- Linfield Master Plan – authorized the funding to complete a study of Linfield Village that will include an economic and market study. This study is important because of the pending development proposal of the 125-acre Publicker property in Linfield.
- Park Phase One Improvements – approved a \$250,000 match to the DCNR grant awarded in 2020. This is now added to the Township's 2019 match of \$225,000 and along with an equal amount of grant funding, will move forward in 2021 with the design of a \$850,000 project for Phase One.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

The following is a complete listing of the Boards action regarding all Capital and Unfunded Requests that are incorporated into the approved Budget:

	Department	Amount	General Fund	Capital Equip.	Capital Reserves	Liquid Fuels	Approved
CAPITAL REQUESTS:							
Sharepoint Upgrade (approved 2020)	Admin	7,500	7,500	-	-	-	yes
Replace - 2 Vehicles	Police	94,000	-	94,000	-	-	yes
Building Enhancements (approved in 2020)	Police	3,400	-	3,400	-	-	yes
Replace 2010 Backhoe	PW	150,000	-	-	-	150,000	yes
Replace 2004 Sterling Dump	PW	170,000	-	-	-	170,000	no
Roof replacement - Salt building	PW	40,000	-	40,000	-	-	yes
Building Fencing, phase 2 (approved in 2019)	PW	25,000	-	25,000	-	-	no
Bus Stops, 2 of 4	PW	24,000	-	24,000	-	-	yes
tablets (approved in 2020)	Recreation	4,000	-	4,000	-	-	yes
Replace - Tri Deck Mower	Park Maint.	13,500	-	13,500	-	-	yes
Replace - 72" Exmark mower	Park Maint.	9,000	-	9,000	-	-	yes
Replace - Landscape trailer	Park Maint.	6,500	-	6,500	-	-	no
TOTAL		546,900	7,500	219,400	-	320,000	
UNFUNDED REQUESTS:							
	Department	Amount	General Fund	Capital Equip.	Capital Reserves	Liquid Fuels	Approved
IT Disaster Recovery	Admin	6,400	6,400	-	-	-	yes
Website Upgrade	Admin	5,000	5,000	-	-	-	no
Traffic Signal Upgrade (Audible) - 10th & Main (GRANT)	Admin	50,000	-	50,000		-	yes
Twp. Line Study - joint with Perkiomen Twp.	Admin	30,000	30,000	-	-	-	no
Replace K9 (Rambo)	Police	15,500	15,500	-	-	-	yes
Open Space Master Plan (balance remaining)	Planning	40,000	40,000	-	-	-	yes
Linfield Village Master Plan (balance remaining)	Planning	37,500	37,500	-	-	-	yes
Township Logo (balance remaining)	Planning	17,000	17,000	-	-	-	no
Main Street District Ordinance Revisions	Planning	14,500	14,500	-	-	-	no
Kubota Mower Broom & Blower Attachments	Park Maint.	9,800	-	9,800	-	-	no
TAP Trail deficit	Admin	63,000			63,000		yes
TOTAL		288,700	165,900	59,800	63,000	-	
GRAND TOTAL		835,600	173,400	279,200	63,000	320,000	

This Budget Message details the major initiatives and ongoing operational activities that will be the administration's focus over the course of 2021. The 2020 numbers reported above were estimated as of the approval of the 2020 Budget on December 15, 2020. Any excess revenues over expenditures realized by yearend will reduce the overall planned transfer from the Capital Reserve Fund needed to balance the General Fund.

The Park Capital Fund was near depleted by year end with the purchase of the Beck parcel in December. This fund balance at one time was over \$1 million primarily from impact fees for new homes during the 1990's and early 2000's. The Township made great use of these funds with the purchase of additional open space and completion of trail and park construction projects. The Fund will remain open in the event an approval of additional EIT Taxes by voter referendum is successful in the future.

Those new EIT tax receipts would be deposited into this fund for the sole purpose of purchasing additional open space.

The fund balances of the Liquid Fuel and Fire Protection Funds continue to trend in a positive direction.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

The following is the projected status of all Funds for 2021. In total, Limerick's financial structure remains sound primarily due to strength of all Reserve Funds as follows:

	General Fund	Fire Protection	Road Improv	Capital Equipment	Capital Reserves	Liquid Fuels	Parks & Recreation	Park Capital
12/31/19 Balance	7,572,407	152,370	2,044,355	603,216	62,802,861	391,623	-	254,068
2020 Projected								
Revenues	10,469,593	819,800	726,647	296,500	1,310,000	639,134	750,400	3,200
Expenses	<u>11,635,764</u>	<u>734,604</u>	<u>598,000</u>	<u>595,075</u>	<u>1,472,921</u>	<u>543,807</u>	<u>750,400</u>	<u>255,000</u>
Net Activity	(1,166,171)	85,196	128,647	(298,575)	(162,921)	95,327	-	(251,800)
Interest Transfer - Cap. Res.	<u>1,166,171</u>							
Net Activity	-							
12/31/20 Balance	7,572,407	237,566	2,173,002	304,641	62,639,940	486,950	-	2,268
2021 Budget								
Revenues	10,358,017	1,159,800	305,387	52,500	825,000	575,322	1,136,545	2,185,000
Expenses	<u>12,870,662</u>	<u>1,081,668</u>	<u>837,000</u>	<u>199,900</u>	<u>2,644,750</u>	<u>850,000</u>	<u>1,136,545</u>	<u>2,185,000</u>
Net Activity	(2,512,645)	78,132	(531,613)	(147,400)	(1,819,750)	(274,678)	-	-
Interest Transfer - Cap. Res.	<u>1,800,000</u>							
Net Activity	(712,645)							
12/31/21 Balance	6,859,762	315,698	1,641,389	157,241	60,820,190	212,272	-	2,268

Since the sale of the sewer system, a perception that the Township is flush with available funding is often heard. It is agreed that Limerick has greater reserve funds than many other local communities, but without proper long-term management of these reserves, the objectives of the Sale along with the 2006 Business Model and 2017 Investment Strategy, will be negated.

The Board has several large projects it would like to advance. As the Township begins to plan for the next decade, these capital projects, additional staffing needs, general operating increases and other challenges that may arise, the adherence to the core principles of business and planning strategies that have provided great success over the past decade, will be even more important. As the administration moves toward the formation of a new Comprehensive Plan in 2022, a re-evaluation of the 2006 Business Model will be undertaken to ensure it remains vibrant and addresses the future needs of this community.

The Budget will again include funding for staff training focusing on succession plan to prepare the next generation of leaders and managers. The Board has long supported training for all levels of the staff to ensure they have the proper education to perform their duties in the most efficient manner possible. 2021 will expand on this effort with training for those who have demonstrated leadership abilities. With the pending retirement of several departmental directors and senior managers over the next five to ten years, this investment in training will focus on management level issues so open positions can be filled in-house, and maintain a continuity of operations that may not be realized if personnel is hired from outside the organization.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 10,732,237
Investments	65,745,200
Receivables, taxes and other	681,356
Prepaid expenses and other assets	65,580
Net pension asset	362,710
Capital assets, at cost	
Land and improvements	6,267,728
Buildings and building improvements	15,512,598
Machinery and equipment	5,749,100
Infrastructure	24,484,579
Construction in progress	370,466
Accumulated depreciation	(13,207,454)
TOTAL ASSETS	<u>116,764,100</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension activities	576,885
Deferred outflows of resources - OPEB activities	<u>130,436</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	707,321
LIABILITIES	
Accounts payable	861,905
Unearned revenue	399,051
Long-term liabilities	
Portion due or payable after one year	
Total OPEB liability	2,370,456
Net pension liability	261,839
Compensated absences	<u>167,698</u>
TOTAL LIABILITIES	<u>4,060,949</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension activities	1,625,486
Deferred inflows of resources - OPEB activities	<u>180,099</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	1,805,585
NET POSITION	
Net investment in capital assets	39,177,017
Restricted	3,013,417
Unrestricted	<u>69,414,453</u>
TOTAL NET POSITION	\$ 111,604,887

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES						
General government	\$ 1,594,482	\$ -	\$ -	\$ -	\$ (1,594,482)	
Public safety	7,902,756	13,978	163,170	-	(7,725,608)	
Public works	3,267,733	1,178,432	1,216,803	650	(871,848)	
Culture and recreation	1,176,004	86,812	-	-	(1,089,192)	
Health and human services	-	-	-	-	-	
Conservation and development	20,411	-	22,559	-	2,148	
Miscellaneous	200,059	-	-	-	(200,059)	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 14,161,445	\$ 1,279,222	\$ 1,402,532	\$ 650	(11,479,041)	
GENERAL REVENUES						
Real estate taxes					3,243,444	
Earned income taxes					4,752,915	
Fire protection taxes					636,338	
Per capita and emergency and municipal services taxes					510,213	
Real estate transfer taxes					776,331	
Interest and rents					2,164,731	
Fines, forfeits and costs					44,508	
Gain on sale of capital assets					28,123	
Other					674,719	
TOTAL GENERAL REVENUES					12,831,322	
CHANGE IN NET POSITION						
NET POSITION AT BEGINNING OF YEAR					1,352,281	
NET POSITION AT END OF YEAR					\$ 111,604,887	

See accompanying notes to the basic financial statements.

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LIMERICK TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	General Fund	Capital Reserve Fund	Fire Protection Fund
ASSETS			
Cash and cash equivalents	\$ 5,140,664	\$ 4,696,126	\$ 324,844
Investments	2,307,235	60,924,434	-
Receivables, taxes and other	566,365	93,271	11,114
Due from other funds	315,199	-	-
Prepaid expenses	35,852	-	27,518
TOTAL ASSETS	\$ 8,365,315	\$ 65,713,831	\$ 363,476
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 377,708	\$ 69,591	\$ 79,250
Due to other funds	-	315,199	-
TOTAL LIABILITIES	377,708	384,790	79,250
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues, property taxes	318,111	48,000	-
FUND BALANCES			
Nonspendable, prepaid expenses	35,852	-	27,518
Restricted for			
Road and street improvements	-	-	-
CDBG grants	-	-	-
Fire protection	-	-	256,708
Committed			
Post retirement health reserve	433,269	-	-
Canine fund	19,071	-	-
Assigned to			
Capital projects	-	65,012,848	-
Capital equipment	-	268,193	-
Future road improvements	1,000,000	-	-
Unassigned	6,181,304	-	-
TOTAL FUND BALANCES	7,669,496	65,281,041	284,226
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,365,315	\$ 65,713,831	\$ 363,476

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2020

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 75,988,597
<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	6,267,728
Construction in progress	370,466
Buildings and building improvements	15,512,598
Machinery and equipment	5,749,100
Infrastructure	24,484,579
Accumulated depreciation	(13,207,454)
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.	(1,098,264)
Some assets are not receivable in the current period and therefore are not reported in the funds. These assets consist of the net pension asset.	362,710
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist	
Total OPEB liability	(2,370,456)
Net pension liability	(261,839)
Compensated absences	(167,698)
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.	<u>(25,180)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>111,604,887</u>

See accompanying notes to the basic financial statements.

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LIMERICK TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2020

	General Fund	Capital Reserve Fund	Fire Protection Fund
REVENUES			
Taxes	\$ 9,161,259	\$ -	\$ 636,338
Fees, licenses and permits	1,038,291	-	-
Interest and rents	53,737	2,090,041	1,241
Intergovernmental revenues	589,928	-	156,771
Fines, forfeits and costs	44,508	-	-
Program revenues	-	-	-
Other	116,841	1,000	-
TOTAL REVENUES	<u>11,004,564</u>	<u>2,091,041</u>	<u>794,350</u>
EXPENDITURES			
General government	1,934,005	-	4,488
Public safety	6,541,641	-	701,666
Public works	2,011,544	-	-
Conservation and development	-	-	-
Miscellaneous	190,721	-	9,338
Debt service	-	-	-
Capital projects	-	691,929	-
TOTAL EXPENDITURES	<u>10,677,911</u>	<u>691,929</u>	<u>715,492</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>326,653</u>	<u>1,399,112</u>	<u>78,858</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	320,617	-	53,000
Operating transfers out	(599,984)	(315,199)	-
Proceeds from sale of capital assets	-	28,284	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(279,367)</u>	<u>(286,915)</u>	<u>53,000</u>
NET CHANGE IN FUND BALANCES	<u>47,286</u>	<u>1,112,197</u>	<u>131,858</u>
FUND BALANCES AT BEGINNING OF YEAR, restated	<u>7,622,210</u>	<u>64,168,844</u>	<u>152,368</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,669,496</u>	<u>\$ 65,281,041</u>	<u>\$ 284,226</u>

See accompanying notes to the basic financial statements.

Road Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 109,059	\$ 9,906,656
154,119	-	1,192,410
13,661	6,051	2,164,731
-	655,833	1,402,532
-	-	44,508
-	86,812	86,812
557,528	-	675,369
<u>725,308</u>	<u>857,755</u>	<u>15,473,018</u>
 -	790	1,939,283
-	183,579	7,426,886
520,045	341,565	2,873,154
-	20,411	20,411
-	-	200,059
-	742,090	742,090
-	-	691,929
<u>520,045</u>	<u>1,288,435</u>	<u>13,893,812</u>
 205,263	(430,680)	1,579,206
 -	546,984	920,601
-	(5,418)	(920,601)
-	-	<u>28,284</u>
 -	<u>541,566</u>	<u>28,284</u>
 205,263	110,886	1,607,490
<u>2,045,264</u>	<u>392,421</u>	<u>74,381,107</u>
 <u>\$ 2,250,527</u>	<u>\$ 503,307</u>	<u>\$ 75,988,597</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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,607,490
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 depreciation exceeded capital outlays in the period.	(658,904)
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.	(161)
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.	12,585
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).	357,276
Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.	33,995
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>1,352,281</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2020

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash, restricted	\$ 275,073	\$ 338,402
Investments, restricted	15,229,362	-
Other receivables	-	-
TOTAL ASSETS	<u>15,504,435</u>	<u>338,402</u>
LIABILITIES		
Accounts payable	-	50,492
NET POSITION		
Restricted for pensions	15,504,435	-
Restricted for custodial purposes	-	287,910
TOTAL NET POSITION	<u>\$ 15,504,435</u>	<u>\$ 287,910</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****YEAR ENDED DECEMBER 31, 2020**

	<u>Pension</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 270,611	\$ -
Employee	65,970	-
State allocation	507,155	-
Developers	-	440,865
TOTAL CONTRIBUTIONS	<u>843,736</u>	<u>440,865</u>
Income from investments		
Net appreciation in fair value of investments	1,962,243	-
Net investment income (loss)	(104,067)	2,268
TOTAL INCOME FROM INVESTMENTS	<u>1,858,176</u>	<u>2,268</u>
Investment expense	(43,447)	-
INVESTMENT INCOME, net	<u>1,814,729</u>	<u>2,268</u>
TOTAL ADDITIONS	<u>2,658,465</u>	<u>443,133</u>
DEDUCTIONS		
Benefits	231,499	-
Escrow payments	-	378,983
TOTAL DEDUCTIONS	<u>231,499</u>	<u>378,983</u>
CHANGE IN NET POSITION	<u>2,426,966</u>	<u>64,150</u>
NET POSITION AT BEGINNING OF YEAR	<u>13,077,469</u>	<u>223,760</u>
NET POSITION AT END OF YEAR	<u>\$ 15,504,435</u>	<u>\$ 287,910</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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

- One fire department receives a contribution from the Township. However, the department is 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.
- The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity, it is reported as if it is a part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is a Fiduciary component unit and is reported as a fiduciary fund and does not issue separate financial statements.
- The Non-Uniform Pension Plan is a single employer defined benefit pension plan that provides pensions for all full-time non-uniform employees hired prior to January 1, 2009. Although the plan is a separate legal entity, it is reported as if it is a part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is a Fiduciary component unit and is reported as a fiduciary fund and does not issue separate 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*.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

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.

Separate financial statements are provided for Governmental Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental 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.

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).

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Funds - The Capital Reserve Funds are used to account for the proceeds of the sewer sale that have been reserved for future capital projects, the Capital Equipment Fund is used to purchase major capital equipment, and the Park Capital Fund used to fund park specific capital projects or open space acquisition.

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

Road Improvement Fund - The Road Improvement Fund is used to account for specific revenues and expenditures related to road and street improvements.

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Custodial Funds – Custodial 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.
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.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2020, 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, 2020 was \$1,504,321,922.

Transfers

Operating transfers between Governmental funds 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.

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.

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.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 streetlights prior to 2002.

Compensated Absences

Unused sick benefits lapse at year-end for all employees with the exception of police officers hired prior to January 1, 2015. Accordingly, the accumulated sick leave of police officers is recorded in the governmental activities column of the government-wide statements.

Long-Term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the governmental activities statement of net position.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 two items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and are the result of changes in plan assumptions, and the difference between expected and actual experience. The deferred outflow 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 Plan.

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 and net differences between projected and actual earnings on pension plan investments. 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 Plan.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, \$3,701,012 was insured by the FDIC and \$7,769,569 of the Township's bank balance of \$11,470,581 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

\$ 7,769,569

Investments

As of December 31, 2020, 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, agency	\$ -	\$ 26,026,515	\$ -	\$ 26,026,515
U. S. Treasury Obligation	-	12,264,267	-	12,264,267
Corporate bonds	-	4,709,860	-	4,709,860
Certificate of deposit	737,134	-	-	737,134
State investment pools	<u>22,007,424</u>	<u>-</u>	<u>22,007,424</u>	<u>-</u>
	<u>\$ 22,744,558</u>	<u>\$ 43,000,642</u>	<u>\$ 22,007,424</u>	<u>\$ 43,737,776</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's corporate bonds are considered to be Level 2 investments and all other investments are considered to be Level 1 and were valued based on quoted market prices.

Certificates of deposit held by banks of \$737,134 are stated at cost plus interest earned.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, is \$22,744,558. 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, 2020, the Township's investment in the state investment pool was rated AAA 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 \$22,744,558 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.

Pension Trust Funds

Pension Trust Fund investments are comprised of the following:

	Police Pension Plan		Non-Uniform Pension Plan	
	Cost	Fair Value	Cost	Fair Value
Mutual funds/ETF's	\$ 9,179,018	\$ 10,525,049	\$ 4,135,672	\$ 4,704,314

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE C - RECEIVABLES

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

GOVERNMENTAL FUNDS

General Fund	\$ 566,365
Recreation Fund	3,705
Road Improvement Fund	6,901
Fire Protection Fund	11,114
Capital Reserve Fund	<u>93,271</u>
	\$ <u>681,356</u>

NOTE D - INTERFUND TRANSFERS

Interfund transfers were as follows:

	Transfers In	Transfers Out
General Fund	\$ 320,617	\$ 599,984
Capital Reserve Fund	-	315,199
Debt Service Fund	-	3,849
Recreation Fund	546,984	-
Fire Protection Fund	53,000	-
Community Development Block Grant	<u>-</u>	<u>1,569</u>
	\$ <u>920,601</u>	\$ <u>920,601</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 6,192,347	\$ 75,381	\$ -	\$ 6,267,728
Construction in progress	321,975	48,491	-	370,466
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	6,514,322	123,872	-	6,638,194
Capital assets being depreciated				
Buildings and building improvements	15,319,159	193,439	-	15,512,598
Machinery and equipment	5,289,503	483,998	(24,401)	5,749,100
Infrastructure	24,484,579	-	-	24,484,579
TOTAL CAPITAL ASSETS BEING DEPRECIATED	45,093,241	677,437	(24,401)	45,746,277
Accumulated depreciation				
Buildings and building	(2,519,096)	(424,327)	-	(2,943,423)
Machinery and equipment	(2,900,533)	(435,300)	24,240	(3,311,593)
Infrastructure	(6,351,852)	(600,586)	-	(6,952,438)
TOTAL ACCUMULATED DEPRECIATION	(11,771,481)	(1,460,213)	24,240	(13,207,454)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	33,321,760	(782,776)	(161)	32,538,823
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 39,836,082	\$ (658,904)	\$ (161)	\$ 39,177,017

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 160,623
Police, health and public safety	292,043
Public works	569,483
Culture and recreation	438,064
	\$ 1,460,213

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020:

Year Ending <u>December 31,</u>	
2021	\$ 9,053
2022	<u>6,636</u>
	\$ <u>15,689</u>

NOTE G - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2020, the following changes in long-term liabilities occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Promissory Note, Series of 2015	\$ 33,995	\$ -	\$ (33,995)	\$ -	\$ -
Total OPEB liability	2,255,761	114,695	-	2,370,456	-
Net pension liability	1,253,865	-	(992,026)	261,839	-
Compensated absences	155,503	12,195	-	167,698	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES					
	<u>\$ 3,699,124</u>	<u>\$ 126,890</u>	<u>\$ (1,026,021)</u>	<u>\$ 2,799,993</u>	<u>\$ -</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE H - 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, 2020, 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	28
	33

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, 2020

NOTE H - 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 \$606,688 to the plan for the year 2020.

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, 2020

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

The following was the Board's adopted asset allocation policy as of December 31, 2020:

Asset Class	Target Allocation
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, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.56%. 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, 2020, were as follows:

Total pension liability	\$ 10,974,396
Plan fiduciary net position	<u>(10,712,557)</u>
NET PENSION LIABILITY	\$ <u>261,839</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.61%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2020 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 Mortality Table (Blue Collar) with Scale AA.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE H - 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, 2020, (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 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, 2020

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

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 10,159,740	\$ 8,906,405	\$ 1,253,335
Changes for the year			
Service cost	360,492	-	360,492
Interest	758,482	-	758,482
Differences between expected and actual experience	(187,502)	-	(187,502)
Contributions			
Employer	-	606,688	(606,688)
Member	-	65,970	(65,970)
Net investment income	-	1,278,129	(1,278,129)
Benefit payments	(116,816)	(116,816)	-
Administrative expense	-	(27,819)	27,819
Net changes	<u>814,656</u>	<u>1,806,152</u>	<u>(991,496)</u>
Balances at December 31, 2020	\$ 10,974,396	\$ 10,712,557	\$ 261,839

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%)
Net pension liability	\$ 1,905,009	\$ 261,839	\$ (1,092,820)

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE H - 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, 2020, the Township recognized pension expense of \$235,068 for the Police Pension Plan. At December 31, 2020, the Township reported deferred outflows and resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 152,550	\$ 368,151
Differences in assumptions	386,074	-
Net difference between projected and actual earnings on pension plan investments	-	784,855
TOTAL	\$ 538,624	\$ 1,153,006

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

Year Ending
December 31,

2021	\$ (191,288)
2022	(96,465)
2023	(293,983)
2024	(95,554)
2025	62,908
Thereafter	-

NOTE I - 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, 2020

NOTE I - 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, 2020, 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	17
	38

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 \$171,078 to the plan for the year 2020.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE I - 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, 2020:

Asset Class	Target Allocation
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, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension (Asset) Liability of the Township

The components of the net pension (asset) liability of the Township at December 31, 2020, were as follows:

Total pension liability	\$ 4,429,168
Plan fiduciary net position	<u>(4,791,878)</u>
NET PENSION (ASSET) LIABILITY	\$ <u>(362,710)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>108.19%</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE I - 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, 2019 rolled forward to December 31, 2020, 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 Mortality Table (Blue Collar) with Scale AA.

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, 2020 (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, 2020

NOTE I - 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 (Asset) Liability (a) - (b)
Balances at December 31, 2019	\$ 4,171,594	\$ 4,171,064	\$ 530
Changes for the year			
Service cost	94,195	-	94,195
Interest	305,112	-	305,112
Differences between expected and actual experience	(27,050)	-	(27,050)
Contributions			
Employer	-	171,078	(171,078)
Member	-	-	-
Net investment income	-	580,047	(580,047)
Benefit payments	(114,683)	(114,683)	-
Administrative expense	-	(15,628)	15,628
NET CHANGES	<u>257,574</u>	<u>620,814</u>	<u>(363,240)</u>
Balances at December 31, 2020	\$ 4,429,168	\$ 4,791,878	\$ (362,710)

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate - The following presents the net pension (asset) 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%)
Net pension (asset) liability	\$ 211,781	\$ (362,710)	\$ (851,408)

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE I - 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, 2020, the Township recognized pension expense of (\$26,929) for the Non-Uniform Pension Plan. At December 31, 2020, 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	\$ -	\$ 101,155
Differences in assumptions	38,261	-
Net difference between projected and actual earnings on pension plan investments	- <hr/>	371,325 <hr/>
TOTAL	\$ 38,261	\$ 472,480

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

Year Ending
December 31,

2021	\$ (145,123)
2022	(73,957)
2023	(161,941)
2024	(53,198)
2025	-
Thereafter	-

NOTE J - 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, 2020, was \$121,105.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE J - 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 K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - POLICE

Plan Description

The Township provides medical, prescription and dental insurance benefits to eligible retired officers 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 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, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	1
Active plan members	<u>29</u>
	<u>30</u>

Total OPEB Liability

The Township's total OPEB liability of \$2,370,456 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2019.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2020 actuarial report was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical inflation rate	6.5% increase in the first year, decreasing by 0.5% per year to ultimate rate of 5%
Inflation	3.00%
Wage inflation	3.50%
Salary increases	4.75%, average, including inflation
Discount rate	2.12% (12/31/2020 Bond Buyer Municipal Bond Index AA) 2.74% (12/31/2019 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 OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2019	\$ 2,255,761	\$ -	\$ 2,255,761
Service cost	144,604	-	144,604
Interest	65,680	-	65,680
Differences between expected and actual experience	(89,030)	-	(89,030)
Contributions			
Employer	-	6,559	(6,559)
Benefit payments	(6,559)	(6,559)	-
NET CHANGES	<u>114,695</u>	<u>-</u>	<u>114,695</u>
Balances at December 31, 2020	\$ 2,370,456	\$ -	\$ 2,370,456

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE K - 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 (1.12%) or 1-percentage point higher (3.12%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	<u>\$ 2,591,754</u>	<u>\$ 2,370,456</u>	<u>\$ 2,167,441</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:

	1% Decrease	Current Medical Inflation Rate	1% Increase
Total OPEB liability	<u>\$ 2,180,523</u>	<u>\$ 2,370,456</u>	<u>\$ 2,582,086</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2020, the Township recognized OPEB expense of \$206,715. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	<u>\$ 130,436</u>	<u>\$ 180,099</u>

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

Year Ending
December 31,

2021	\$ (3,569)
2022	(3,569)
2023	(3,569)
2024	(3,569)
2025	(3,569)
Thereafter	(31,818)

NOTE L - 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 M - 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.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE N - RISKS AND UNCERTAINTIES

On March 11, 2020 the World Health Organization declared the novel coronavirus (“COVID-19”) outbreak a pandemic which has impacted the global economy. Although no significant financial impact has occurred thus far, the COVID-19 pandemic is still on-going and the duration and extent of the related financial impact on the Township’s net position and statement of activities is uncertain and cannot be reasonably estimated at this time.

NOTE O - PRIOR PERIOD RESTATEMENT

As of January 1, 2020, the Township reported the Park Capital Fund in the Capital Reserve Fund. The Park Capital Fund is specifically for capital projects and park acquisition. The Park Capital Fund was previously reported in the Recreation Fund. The restatement resulted in the Capital Reserve Fund beginning balance increasing from \$63,914,776 to \$64,168,844. Restatement of Recreation Fund beginning balance decreased from \$251,218 to (\$2,850).

REQUIRED SUPPLEMENTARY INFORMATION

LIMERICK TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Variance	
	Original	Final	Actual	Favorable	(Unfavorable)
REVENUES					
Taxes	\$ 8,930,000	\$ 8,726,000	\$ 9,161,259	\$ 435,259	
Fees, licenses and permits	883,538	945,334	1,038,291	92,957	
Interest and rents	140,000	60,000	53,737	(6,263)	
Intergovernmental revenues	657,328	589,380	589,928	548	
Fines, forfeits and costs	57,500	42,000	44,508	2,508	
Other	104,879	106,879	116,841	9,962	
TOTAL REVENUES	<u>10,773,245</u>	<u>10,469,593</u>	<u>11,004,564</u>	<u>534,971</u>	
EXPENDITURES					
General government	2,160,755	1,984,816	1,934,005	50,811	
Public safety	7,385,878	6,672,558	6,541,641	130,917	
Public works	2,316,480	2,116,450	2,011,544	104,906	
Miscellaneous	242,000	242,000	190,721	51,279	
TOTAL EXPENDITURES	<u>12,105,113</u>	<u>11,015,824</u>	<u>10,677,911</u>	<u>337,913</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(1,331,868)</u>	<u>(546,231)</u>	<u>326,653</u>	<u>872,884</u>	
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,782,438	1,166,171	320,617	(845,554)	
Operating transfers out	<u>(679,739)</u>	<u>(619,940)</u>	<u>(599,984)</u>	<u>19,956</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,102,699</u>	<u>546,231</u>	<u>(279,367)</u>	<u>(825,598)</u>	
NET CHANGE IN FUND BALANCE					
	<u>(229,169)</u>	<u>-</u>	<u>47,286</u>	<u>47,286</u>	
FUND BALANCE AT BEGINNING OF YEAR	<u>7,622,210</u>	<u>7,622,210</u>	<u>7,622,210</u>	<u>-</u>	
FUND BALANCE AT END OF YEAR	\$ <u>7,393,041</u>	\$ <u>7,622,210</u>	\$ <u>7,669,496</u>	\$ <u>47,286</u>	

See accompanying notes to the budgetary comparison schedule.

LIMERICK TOWNSHIP

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2020

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, 2020, there were no expenditures that exceeded appropriations in the General Fund object levels (the legal level of budgetary control).

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LIMERICK TOWNSHIP

SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS LAST SEVEN FISCAL YEARS

	2020	2019	2018
TOTAL PENSION LIABILITY			
Service cost	\$ 360,492	\$ 373,083	\$ 329,797
Interest	758,482	693,317	636,041
Differences between expected and actual experience	(187,502)	(38,159)	(117,027)
Changes of assumptions	-	-	-
Benefit payments	(116,816)	(116,816)	(87,344)
NET CHANGE IN TOTAL PENSION LIABILITY			
	814,656	911,425	761,467
Total pension liability, beginning	<u>10,159,740</u>	<u>9,248,315</u>	<u>8,486,848</u>
TOTAL PENSION LIABILITY, ENDING (a)			
	<u>\$ 10,974,396</u>	<u>\$ 10,159,740</u>	<u>\$ 9,248,315</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 606,688	\$ 519,135	\$ 487,259
Member	65,970	66,388	63,964
Net investment income	1,278,129	1,510,879	(465,745)
Benefit payments, including refunds of member contributions	(116,816)	(116,816)	(87,344)
Administrative expense	(27,819)	(26,067)	(24,569)
NET CHANGE IN PLAN FIDUCIARY NET POSITION			
	1,806,152	1,953,519	(26,435)
Plan fiduciary net position, beginning	<u>8,906,405</u>	<u>6,952,886</u>	<u>6,979,321</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)			
	<u>\$ 10,712,557</u>	<u>\$ 8,906,405</u>	<u>\$ 6,952,886</u>
NET PENSION LIABILITY, ENDING (a)-(b)			
	<u>\$ 261,839</u>	<u>\$ 1,253,335</u>	<u>\$ 2,295,429</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY			
	<u>97.61%</u>	<u>87.66%</u>	<u>75.18%</u>
COVERED PAYROLL	<u>\$ 3,340,422</u>	<u>\$ 3,110,791</u>	<u>\$ 3,215,481</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>7.84%</u>	<u>40.29%</u>	<u>71.39%</u>

NOTES TO SCHEDULE

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.

2017	2016	2015	2014
\$ 327,521	\$ 246,047	\$ 243,761	\$ 236,746
524,006	502,435	459,281	408,015
246,892	(7,796)	(213,278)	7,390
527,043	-	142,297	-
(77,521)	(77,521)	(77,521)	(67,939)
1,547,941	663,165	554,540	584,212
6,938,907	6,275,742	5,721,202	5,136,990
<u>\$ 8,486,848</u>	<u>\$ 6,938,907</u>	<u>\$ 6,275,742</u>	<u>\$ 5,721,202</u>
\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
58,478	41,450	23,850	21,729
903,106	355,286	(12,005)	215,890
(77,521)	(77,521)	(77,521)	(67,939)
(24,757)	(21,207)	(19,167)	-
1,218,991	656,497	260,193	497,554
5,760,330	5,103,833	4,843,640	4,346,086
<u>\$ 6,979,321</u>	<u>\$ 5,760,330</u>	<u>\$ 5,103,833</u>	<u>\$ 4,843,640</u>
<u>\$ 1,507,527</u>	<u>\$ 1,178,577</u>	<u>\$ 1,171,909</u>	<u>\$ 877,562</u>
<u>82.24%</u>	<u>83.01%</u>	<u>81.33%</u>	<u>84.66%</u>
<u>\$ 2,867,795</u>	<u>\$ 2,685,827</u>	<u>\$ 2,248,910</u>	<u>\$ 2,259,199</u>
<u>52.57%</u>	<u>43.88%</u>	<u>52.11%</u>	<u>38.84%</u>

LIMERICK TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST SEVEN FISCAL YEARS

	2020	2019	2018
ACTUARILY DETERMINED CONTRIBUTION	\$ 606,688	\$ 519,135	\$ 487,259
CONTRIBUTIONS IN RELATION TO THE ACTUARILY DETERMINED CONTRIBUTION	<u>606,688</u>	<u>519,135</u>	<u>487,259</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ _____ -	\$ _____ -	\$ _____ -
COVERED PAYROLL	\$ <u>3,340,422</u>	\$ <u>3,110,791</u>	\$ <u>3,215,481</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>18.16%</u>	<u>16.69%</u>	<u>15.15%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019

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
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.75% average annual increase
Investment rate of return	7.25%
Retirement age	Age 52 with 27 years of service RP-2000 Mortality Table (Blue Collar) with Scale AA
Mortality	

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

2017	2016	2015	2014
\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
<u>359,685</u>	<u>358,489</u>	<u>345,036</u>	<u>327,874</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ 2,867,795</u>	<u>\$ 2,685,827</u>	<u>\$ 2,248,910</u>	<u>\$ 2,259,199</u>
<u>12.54%</u>	<u>13.35%</u>	<u>15.34%</u>	<u>14.51%</u>

January 1, 2017

January 1, 2015

Entry age normal
Level dollar, closed
12 years
Market value
3%
4.75% average annual increase
7.25%
Age 52 with 27 years of service
RP-2000 Mortality Table (Blue
Collar) with Scale AA

Entry age normal
Level dollar, closed
12 years
Market value
3%
4.75% average annual increase
7.75%
Age 52 with 27 years of service
RP-2000 Mortality Table (Blue
Collar) with Scale AA

LIMERICK TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST SEVEN FISCAL YEARS

	2020	2019	2018
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>13.56%</u>	<u>21.19%</u>	<u>(6.69%)</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.

2017	2016	2015	2014
<u>15.28%</u>	<u>6.99%</u>	<u>(0.52%)</u>	<u>5.82%</u>

LIMERICK TOWNSHIP

SCHEDULE OF CHANGES IN THE NET NON-UNIFORM PENSION PLAN LIABILITY AND RELATED RATIOS LAST SEVEN FISCAL YEARS

	2020	2019	2018
TOTAL PENSION LIABILITY			
Service cost	\$ 94,195	\$ 91,939	\$ 91,111
Interest	305,112	288,423	272,056
Differences between expected and actual experience	(27,050)	(37,742)	(22,002)
Changes of assumptions	-	-	-
Benefit payments	(114,683)	(114,683)	(117,780)
NET CHANGE IN TOTAL PENSION LIABILITY	257,574	227,937	223,385
Total pension liability, beginning	<u>4,171,594</u>	<u>3,943,657</u>	<u>3,720,272</u>
TOTAL PENSION LIABILITY, ENDING (a)	\$ 4,429,168	\$ 4,171,594	\$ 3,943,657
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 171,078	\$ 143,176	\$ 142,413
Member	-	-	-
Net investment income	580,047	743,340	(231,417)
Benefit payments, including refunds of member contributions	(114,683)	(114,683)	(117,780)
Administrative expense	(15,628)	(15,264)	(15,025)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	620,814	756,569	(221,809)
Plan fiduciary net position, beginning	<u>4,171,064</u>	<u>3,414,495</u>	<u>3,636,304</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 4,791,878	\$ 4,171,064	\$ 3,414,495
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	\$ (362,710)	\$ 530	\$ 529,162
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	108.19%	99.99%	86.58%
COVERED PAYROLL	\$ 1,096,377	\$ 1,100,685	\$ 1,127,059
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-33.08%	0.05%	46.95%

NOTES TO SCHEDULE

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.

2017	2016	2015	2014
\$ 92,977	\$ 99,798	\$ 97,018	\$ 98,606
258,909	257,849	233,848	215,189
(235,283)	(35,402)	(30,191)	(30,030)
163,695	-	68,457	-
(76,423)	(66,276)	(58,150)	(52,750)
<u>203,875</u>	<u>255,969</u>	<u>310,982</u>	<u>231,015</u>
<u>3,516,397</u>	<u>3,260,428</u>	<u>2,949,446</u>	<u>2,718,431</u>
<u><u>\$ 3,720,272</u></u>	<u><u>\$ 3,516,397</u></u>	<u><u>\$ 3,260,428</u></u>	<u><u>\$ 2,949,446</u></u>
\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
-	-	-	-
484,197	200,910	(5,830)	141,082
(76,423)	(66,276)	(58,150)	(52,750)
(16,640)	(14,417)	(13,070)	(16,536)
<u>515,993</u>	<u>255,503</u>	<u>70,091</u>	<u>205,275</u>
<u>3,120,311</u>	<u>2,864,808</u>	<u>2,794,717</u>	<u>2,589,442</u>
<u><u>\$ 3,636,304</u></u>	<u><u>\$ 3,120,311</u></u>	<u><u>\$ 2,864,808</u></u>	<u><u>\$ 2,794,717</u></u>
<u><u>\$ 83,968</u></u>	<u><u>\$ 396,086</u></u>	<u><u>\$ 395,620</u></u>	<u><u>\$ 154,729</u></u>
<u><u>97.74%</u></u>	<u><u>88.74%</u></u>	<u><u>87.87%</u></u>	<u><u>94.75%</u></u>
<u><u>\$ 1,147,860</u></u>	<u><u>\$ 1,101,065</u></u>	<u><u>\$ 1,363,192</u></u>	<u><u>\$ 1,326,883</u></u>
<u><u>7.32%</u></u>	<u><u>35.97%</u></u>	<u><u>29.02%</u></u>	<u><u>11.66%</u></u>

LIMERICK TOWNSHIP

SCHEDULE OF NON-UNIFORM PENSION PLAN CONTRIBUTIONS LAST SEVEN FISCAL YEARS

	2020	2019	2018
ACTUARILY DETERMINED CONTRIBUTION	\$ 171,078	\$ 143,176	\$ 142,413
CONTRIBUTIONS IN RELATION TO THE ACTUARILY DETERMINED CONTRIBUTION	<u>171,078</u>	<u>143,176</u>	<u>142,413</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
COVERED PAYROLL	<u>\$ 1,096,377</u>	<u>\$ 1,100,685</u>	<u>\$ 1,127,059</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>15.60%</u>	<u>13.01%</u>	<u>12.64%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019

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
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.25% average annual increase
Investment rate of return	7.25%
Retirement age	Normal retirement age
Mortality	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.

2017	2016	2015	2014
\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
<u>124,859</u>	<u>135,286</u>	<u>147,141</u>	<u>133,479</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ 1,147,860</u>	<u>\$ 1,101,065</u>	<u>\$ 1,363,192</u>	<u>\$ 1,326,883</u>
<u>10.88%</u>	<u>12.29%</u>	<u>10.79%</u>	<u>10.06%</u>

January 1, 2017

January 1, 2015

Entry age normal
 Level dollar, closed
 14 years
 Market value
 3%
 4.25% average annual increase
 7.25%
 Normal retirement age
 RP-2000 Mortality Table (Blue
 Collar) with Scale AA

Entry age normal
 Level dollar, closed
 13 years
 Market value
 3%
 4.75% average annual increase
 7.75%
 Normal retirement age
 RP-2000 Mortality Table (Blue
 Collar) with Scale AA

LIMERICK TOWNSHIP
SCHEDULE OF NON-UNIFORM PENSION PLAN
INVESTMENT RETURNS
LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>13.94%</u>	<u>21.20%</u>	<u>(6.78%)</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.

2017	2016	2015	2014
<u>15.38%</u>	<u>7.04%</u>	<u>(0.52%)</u>	<u>5.58%</u>

LIMERICK TOWNSHIP

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS LAST THREE FISCAL YEARS

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	\$ 144,604	\$ 109,445	\$ 124,756
Interest	65,680	83,200	68,124
Differences between expected and actual experience	(89,030)	150,503	(119,919)
Benefit payments	<u>(6,559)</u>	<u>(14,424)</u>	<u>(3,057)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	114,695	328,724	69,904
TOTAL OPEB LIABILITY, BEGINNING	<u>2,255,761</u>	<u>1,927,037</u>	<u>1,857,133</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 2,370,456</u>	<u>\$ 2,255,761</u>	<u>\$ 1,927,037</u>
COVERED PAYROLL	<u>\$ 3,340,422</u>	<u>\$ 2,748,895</u>	<u>\$ 2,896,398</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>70.96%</u>	<u>82.06%</u>	<u>66.53%</u>

NOTES TO SCHEDULE

Discount rate changes: For the December 31, 2020 valuation, the discount rate was lowered from 2.74% to 2.12%.

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, 2020

	Highway Aid Fund	Community Development Block Grant Fund	Recreation Fund
ASSETS			
Cash and cash equivalents	\$ 505,790	\$ 392	\$ 56,094
Receivables, taxes and other	-	-	3,705
Prepaid expenses	-	-	2,210
TOTAL ASSETS	\$ 505,790	\$ 392	\$ 62,009
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 57,124
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues, property taxes	-	-	7,760
FUND BALANCES			
Nonspendable	-	-	2,210
Restricted for			
Road and street improvements	505,790	-	-
CDBG grants	-	392	-
Unassigned	-	-	(5,085)
TOTAL FUND BALANCES	505,790	392	(2,875)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 505,790	\$ 392	\$ 62,009

See accompanying notes to the basic financial statements.

Debt Service Fund	Total Other Governmental Funds
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\$	-	\$	562,276
	-		3,705
	-		2,210
<hr/>		<hr/>	<hr/>
\$	-	\$	<u>568,191</u>

\$	<u> </u>	-	\$	<u>57,124</u>
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	<u> </u>	-		<u>7,760</u>
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	-		2,210
	-		505,790
	-		392
	-		(5,085)
	<u> </u>	<u> </u>	<u>503,307</u>

\$	<u> </u>	-	\$	<u>568,191</u>
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LIMERICK TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2020

	Highway Aid Fund	Community Development Block Grant Fund	Recreation Fund
REVENUES			
Taxes	\$ -	\$ -	\$ 109,059
Interest and rents	6,037	14	-
Intergovernmental revenues	633,274	22,559	-
Program revenues	-	-	86,812
TOTAL REVENUES	639,311	22,573	195,871
EXPENDITURES			
General government	-	-	790
Public safety	183,579	-	-
Public works	341,565	-	-
Conservation and development	-	20,411	-
Culture and recreation	-	-	742,090
TOTAL EXPENDITURES	525,144	20,411	742,880
EXCESS OF REVENUES OVER EXPENDITURES	114,167	2,162	(547,009)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	546,984
Operating transfers out	-	(1,569)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,569)	546,984
NET CHANGE IN FUND BALANCES	114,167	593	(25)
FUND BALANCES AT BEGINNING OF YEAR	391,623	(201)	(2,850)
FUND BALANCES AT END OF YEAR	\$ 505,790	\$ 392	\$ (2,875)

See accompanying notes to the basic financial statements.

Debt Service Fund	Total Other Governmental Funds
\$ - \$	109,059
-	6,051
-	655,833
-	86,812
<hr/>	<hr/>
-	857,755
<hr/>	<hr/>
-	790
-	183,579
-	341,565
-	20,411
-	742,090
<hr/>	<hr/>
-	1,288,435
<hr/>	<hr/>
<hr/>	(430,680)
<hr/>	<hr/>
-	546,984
(3,849)	(5,418)
<hr/>	<hr/>
(3,849)	541,566
<hr/>	<hr/>
(3,849)	110,886
<hr/>	<hr/>
3,849	392,421
<hr/>	<hr/>
\$ - \$	503,307
<hr/>	<hr/>

LIMERICK TOWNSHIP

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2020

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ASSETS			
Cash, restricted	\$ 193,509	\$ 81,564	\$ 275,073
Investments, restricted	<u>10,525,048</u>	<u>4,704,314</u>	<u>15,229,362</u>
TOTAL ASSETS	<u>10,718,557</u>	<u>4,785,878</u>	<u>15,504,435</u>
LIABILITIES			
Due to (from) other funds	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
NET POSITION			
Restricted for pensions	<u>\$ 10,712,557</u>	<u>\$ 4,791,878</u>	<u>\$ 15,504,435</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, 2020

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	\$ 163,543	\$ 107,068	\$ 270,611
Employee	65,970	-	65,970
State allocation	<u>443,145</u>	<u>64,010</u>	<u>507,155</u>
TOTAL CONTRIBUTIONS	<u>672,658</u>	<u>171,078</u>	<u>843,736</u>
Income from investments			
Net appreciation in fair value of investments	1,346,031	616,212	1,962,243
Net investment income	<u>(67,902)</u>	<u>(36,165)</u>	<u>(104,067)</u>
TOTAL INCOME FROM INVESTMENTS	<u>1,278,129</u>	<u>580,047</u>	<u>1,858,176</u>
Investment expense	<u>(27,819)</u>	<u>(15,628)</u>	<u>(43,447)</u>
INVESTMENT INCOME, net	<u>1,250,310</u>	<u>564,419</u>	<u>1,814,729</u>
TOTAL ADDITIONS	1,922,968	735,497	2,658,465
DEDUCTIONS			
Benefits	<u>116,816</u>	<u>114,683</u>	<u>231,499</u>
CHANGE IN NET POSITION	<u>1,806,152</u>	<u>620,814</u>	<u>2,426,966</u>
NET POSITION AT BEGINNING OF YEAR	<u>8,906,405</u>	<u>4,171,064</u>	<u>13,077,469</u>
NET POSITION AT END OF YEAR	<u>\$ 10,712,557</u>	<u>\$ 4,791,878</u>	<u>\$ 15,504,435</u>

See accompanying notes to the basic financial statements.