

LIMERICK TOWNSHIP

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2019



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Limerick Township as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Limerick Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Limerick Township as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2019, Limerick Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note Q to the financial statements, the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Limerick Township's operational and financial performance. At this point, Limerick Township cannot reasonably estimate the impact on its operations or financial results. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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



Oaks, Pennsylvania
June 23, 2020

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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, 2019. 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 27.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's 2019 financial statements. The Township's 2019 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 27 and the *statement of activities* found on page 28 of this report.

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

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

Business-Type Activities - Functions of the Township that attempt to recover all or a significant portion of its costs through user fees and charges. The Sewer Operating and Sewer Capital Funds are reported here. The sewer system was sold to Aqua of PA in July 2018 and the sewer fund was subsequently closed in 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, 2019

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 eight individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Reserve Fund, Fire Protection Fund, Recreation Fund, and the Debt Service fund, which are all considered to be major funds. The remaining three funds are aggregated into one column and are labeled "Other Governmental Funds." ("Other Governmental Funds" are detailed on pages 76 and 77 in the Supplementary Information Section of this report.)

The basic Governmental Funds financial statements can be found on pages 29 through 32 of this report.

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

The Proprietary Fund financial statements can be found on pages 33 through 35 of this report.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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 36 and 37 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 38 through 66 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 67 through 75 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 76 through 79.

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 \$110,252,606 at the close of December 31, 2019, which represents a decrease of \$1,334,626 from the previous year. Current and other assets decreased by \$2,441,898 which is primarily due to the sale of the sewer operations to Aqua of PA in July 2018. A decrease of \$6,451,108 in the Business-Type Activities current assets was the result of the final transfer of sewer capital monies into the Capital Reserve fund.

Capital assets, net, increased by \$1,029,687, which is primarily the result of the acceptance of road dedications in three new residential developments of \$1,597,424, offset by annual depreciation.

The Township's investment in capital assets, \$39,802,087 or 36% of total net position, reflects the current book value (cost less accumulated depreciation) of land, buildings, machinery and equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

The other portion of the Township's net position, \$67,899,736 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, \$2,550,783 represents resources that are subject to external restrictions on how they may be used. This includes net position of the Highway Aid Fund and Community Development Block Grant Fund as well as debt service accounts and developer deposits.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2018-2019
	2019	2018	2019	2018	2019	2018	
ASSETS							
Current and other assets	\$ 75,355,035	\$ 71,345,825	\$ -	\$ 6,451,108	\$ 75,355,035	\$ 77,796,933	-3.14%
Capital assets	39,836,082	38,806,395	-	-	39,836,082	38,806,395	2.65%
TOTAL ASSETS	115,191,117	110,152,220	-	6,451,108	115,191,117	116,603,328	-12.1%
DEFERRED OUTFLOWS OF RESOURCES							
	848,181	1,741,098	-	-	848,181	1,741,098	-51.28%
LIABILITIES							
Other liabilities	1,045,688	1,315,979	-	411	1,045,688	1,316,390	-20.56%
Long-term liabilities	3,665,129	4,899,599	-	-	3,665,129	4,899,599	-25.20%
TOTAL LIABILITIES	4,710,817	6,215,578	-	411	4,710,817	6,215,989	-24.21%
DEFERRED INFLOWS OF RESOURCES							
	1,075,875	541,205	-	-	1,075,875	541,205	98.79%
NET POSITION							
Net investment in capital assets	39,802,087	38,738,404	-	-	39,802,087	38,738,404	2.75%
Restricted	2,550,783	860,133	-	-	2,550,783	860,133	196.56%
Unrestricted	67,899,736	65,537,998	-	6,450,697	67,899,736	71,988,695	-5.68%
TOTAL NET POSITION	\$ 110,252,606	\$ 105,136,535	\$ -	\$ 6,450,697	\$ 110,252,606	\$ 111,587,232	-1.20%

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

The Township's statement of activities shows how the net position changed during the fiscal year 2019. The statement of activities can be found on page 28 of this report (*also see table below*). The table below helps to explain the changes in net position from January 1, 2019 to December 31, 2019, and from January 1, 2018 to December 31, 2018.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
REVENUES							
Program revenues							
Charges for services	\$ 2,224,593	\$ 1,811,603	\$ 5,727	\$ 1,998,123	\$ 2,230,320	\$ 3,809,726	-41.46%
Operating grants and contributions	1,960,282	1,577,852	-	-	1,960,282	1,577,852	24.24%
Capital grants and contributions	10,000	-	-	-	10,000	-	100.00%
General revenues							
Taxes, levied for general purposes	9,849,816	9,489,263	-	-	9,849,816	9,489,263	3.80%
Gain on sale of assets	36,990	-	-	40,886,418	36,990	40,886,418	-99.91%
Other	4,490,515	1,494,499	4,513	116,935	4,495,028	1,611,434	178.95%
TOTAL REVENUES	18,572,196	14,373,217	10,240	43,001,476	18,582,436	57,374,693	-67.61%
EXPENSES							
General government	2,398,617	2,438,254	-	-	2,398,617	2,438,254	-1.63%
Public safety	12,363,310	7,813,146	-	-	12,363,310	7,813,146	58.24%
Public works	3,392,393	2,924,738	-	-	3,392,393	2,924,738	15.99%
Culture and recreation	1,335,151	897,062	-	-	1,335,151	897,062	48.84%
Conservation and development	250,989	151,704	-	-	250,989	151,704	65.45%
Interest on long-term debt	-	1,920,259	-	139,674	-	2,059,933	-100.00%
Miscellaneous	176,503	156,287	-	-	176,503	156,287	12.94%
Water, sewer and parking	-	-	99	1,011,365	99	1,011,365	-99.99%
TOTAL EXPENSES	19,916,963	16,301,450	99	1,151,039	19,917,062	17,452,489	14.12%
CHANGE IN NET POSITION BEFORE TRANSFERS	(1,344,767)	(1,928,233)	10,141	41,850,437	(1,334,626)	39,922,204	-103.34%
TRANSFERS	6,460,838	71,103,430	(6,460,838)	(71,103,430)	-	-	0.00%
CHANGE IN NET POSITION	5,116,071	69,175,197	(6,450,697)	(29,252,993)	(1,334,626)	39,922,204	-103.34%
NET POSITION AT BEGINNING OF YEAR, restated	105,136,535	35,961,338	6,450,697	35,703,690	111,587,232	71,665,028	55.71%
NET POSITION AT END OF YEAR	\$ 110,252,606	\$ 105,136,535	\$ -	\$ 6,450,697	\$ 110,252,606	\$ 111,587,232	-1.20%

As shown above, the Township's net position decreased by \$1,334,626 from January 1, 2019, and increased by \$39,922,204 from January 1, 2018.

The decreases in charges for services, interest on long-term debt and water, sewer and parking are all the result of the sale of the sewer operations in July 2018 and subsequent payoff of all outstanding debt.

LIMERICK TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

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 31) along with the “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities” (page 32).

On page 31, 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 \$4,270,443 and it increases the fund balances from January 1, 2019 to December 31, 2019. The total fund balances at December 31, 2019, are \$74,381,107.

The reconciliation on page 30 explains how the Township arrived at the governmental activities net position of \$110,252,606 from the fund balance in the governmental funds of \$74,381,107.

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

Expenses and Program Revenues

	2019			2018		
	Expenses	Program Revenues	% of Program Revenues to Expenses	Expenses	Program Revenues	% of Program Revenues to Expenses
General government	\$ 2,398,617	\$ -	0%	\$ 2,438,254	\$ -	0%
Public safety	12,363,310	185,264	1%	7,813,146	179,127	2%
Public works	3,392,393	3,121,540	92%	2,924,738	2,685,051	92%
Culture and recreation	1,335,151	638,789	48%	897,062	373,573	42%
Conservation and development	250,989	249,282	99%	151,704	151,704	100%
Miscellaneous	176,503	-	0%	156,287	-	0%
Interest	-	-	0%	1,920,259	-	0%
	<u>\$ 19,916,963</u>	<u>\$ 4,194,875</u>	21%	<u>\$ 16,301,450</u>	<u>\$ 3,389,455</u>	21%

The Township’s governmental activities’ program revenues (charges for services, operating grants and contributions) for each governmental department cover 21% or \$4,194,875 of the expenses in 2019. A similar percentage as 2018.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2019 budget was adopted in December 2018. That budget was amended three times during the year, in June (Resolution 2019-27), September (Resolution 2019-39) and again in December (Resolution 2019-49). These amendments resulted in budgeted General Fund expenditures equaling revenues as compared to a \$68,589 use of cash reserves originally budgeted. As of year-end, revenues exceeded the amended budget by \$337,293 and expenditures were less than the amended budget estimates by \$117,168. A comparison of budget to actual numbers for the General Fund can be found on page 67 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 \$199,979. The largest portion of the Township's real estate tax is accounted for the in General Fund. The overall 2019 tax millage did not change, but the General Fund milage was increased to 2.069, absorbing the previous debt milage of .31. Taxes received were \$3,089,128 about \$58,000 higher than the budgeted amount. Although the Township's assessed value continues to gradually increase (.83% and .81% in 2019 and 2018 respectively), that increase does not provide a significant increase in taxes. The overall tax millage rate was last increased in 2016.

The Township collected \$795,235 in Real Estate Transfer Taxes, \$55,000 more than the budgeted amount of \$740,000 and \$145,000 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 \$618,000 over the last ten years and \$778,000 over the last three years. This increase is reflective of the increase in residential units being constructed within the Township. 417 residential transfers resulted in \$730,000 as compared to 359 in 2018 and 339 in 2017. 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. Seven commercial properties were sold in 2019 resulting in approximately \$64,300 in transfer taxes.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Earned Income Tax is levied at 1% for residents and is shared with the Spring-Ford Area School District. 2019 collections were \$4,655,282 about \$80,000 more than budgeted; and about \$164,000 more than collected in 2018. 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 2019 were \$566,289, slightly higher than the budgeted amount by and were approximately \$7,400 more than the 2018 collections.

Fees, Licenses and Permits: This category includes Cable Franchise fees and licenses, fees and permits related to construction. The 2019 original budget was \$1,096,095, the amended budget was \$1,669,811, an increase of \$573,000 and actual revenues were \$1,734,994, an increase of \$65,183 from the amended budget. Commercial building permits were originally budgeted at \$312,000 but actual receipts were \$502,000 higher. Permits for seven large commercial projects were issued, Subaru, Rothman, Jacquet Metals, Force America, Body Amour, Limerick Town Center, Phase 1 and Town Supply. Additionally, there was an increase of \$75,000 in residential permit fees. 57 new residential permits were issued for three development projects in 2019.

Expenses

- **General Government:** The General Government category includes Township Administration, Tax Collection, Legal, Engineering, Technology and Facilities Management. Total expenses were \$2,086,319, about \$34,000 greater than the original budget and \$45,000 less than the final budget. The original Legal budget was increased as a result of several personnel matters incurred during the year. Additionally, the IT budget was increased to provide for the replacement of most 2007 computers. These increases were offset by a reduction in Engineering costs.
- **Public Safety:** The Public Safety category includes Police, Code Enforcement, Emergency Services and Planning & Zoning account groups. This category accounts for 59% of the General Fund budget. Combined expenses in these groups were \$6,553,764 in 2019 about \$42,000 less than the amended budget but \$341,000 less than original budget. This savings is mostly attributed to the termination of two officers not immediately replaced and the reorganization of the Emergency Services department.
- **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 21% of the general fund budget. Overall, public works expenditures were about \$35,000 less than the 2019 budget.
- **Miscellaneous:** Miscellaneous expenditures include Property and Liability Insurances and Contributions. 2019 expenses of \$164,46 were about \$49,000 less than budgeted amounts. The annual budget includes a contribution to the post retirement reserve of \$50,000 however this is not expenditure for GAAP purposes, so not reflected in the actual amounts.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's capital assets as of December 31, 2019, were \$39,836,082 (net of accumulated depreciation), an increase of \$1,029,687 from 2018. 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

Building and Building Improvements - Governmental Activities

The old public works building on Lewis Road was upgraded at a cost of \$75,000. This building, central to the township, will now house Emergency Management equipment. The first phase of a new fence and gate for the Public Works building was installed at a cost of \$21,000. Lastly, the Public Works department installed a bus shelter on Ridge Pike near the Giant gas station at a cost of \$7,000. A donation of \$5,000 was received from a local businessman.

Construction in Progress –

Engineering continued for the TAP Trail grant, for a PECO trail link from Lewis Road to Township Line Road. Due to cost constraints, the trail will be phased going forward. Construction of Phase 1, ending at Royersford Road, is expected in 2020.

Machinery and Equipment

The total additions for machinery and equipment were \$398,517 and included:

- Replacement vehicles with equipment – (3-police) \$92,090
- Replacement dump truck \$91,127
- Administrative SUV \$35,875
- Replacement - Administrative server \$32,980
- Replacement - Mower and attachments \$28,994
- Replacement – Police Server \$23,119
- RTV \$21,536
- Planner \$19,216
- Inflatable movie screen and speakers..... \$14,027
- Snow blower \$12,367
- Law Enforcement policy software \$12,145
- Speed alert message board and software (2) \$11,446

Infrastructure – 2019 additions included a temporary traffic signal at Linfield-Trappe and Royersford Roads at a cost of \$110,460 and dedication of roads in three developments, Mountain View, Telvil and Montella Circle valued at \$1,597,424

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

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Long-Term Debt

At December 31, 2019 the Township's long-term debt was \$33,995. This total represent debt held in the governmental activities for emergency radios. Radios were financed over 5 years through Montgomery County and will be paid off in 2020.

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 2019 and continue to ensure the Township can meet the challenges of the future.

Budget discussions were held during regularly scheduled meetings on October 1st, 15th and November 12th. At the October 1st meeting, the Police, Planning and Zoning, Code, Park and Recreation and Administrative departments were reviewed. At the second Budget meeting on October 15th, Public Works, Park Maintenance, Emergency Services and Fire Protection were discussed. The final public review on November 12th included the Limerick Fire Department as well as a full discussion on all Capital and Unfunded Requests. The Board also was offered a review of all fund balances and the impact all capital and unfunded requests would have on each fund.

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

While the 2020 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 year budgets. Each department is also instructed to begin to look long-term to ensure their operations and desired projects and programs fit into future year objectives. Each department is reminded to adhere to the current principles of the Business Model.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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 2020 Budget.

Police

No new hires were requested, 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 7%. This overall percentage increase also is due to reduced 2019 expenses due to a delay in the hire of new officer and other personnel changes during the year. The 2020 budget for the Department is \$5,372,015. The Police Department continues to be the largest obligation funded by the General Fund.

Capital requests discussed with the Board are as follows:

- Replacement vehicles (3) \$157,855
- Radios – 5th of 5 annual payments \$ 29,007
- WatchGuard hardware upgrade \$ 5,000
- Replace (3) vehicle laptops \$ 4,500

Unfunded requests include the following items:

- K9 (Flynn retiring) \$ 17,000
- Food for Retired Flynn (annual) \$ 850
- Building Enhancements \$ 8,350
- Patrol Go-Bags (2) \$ 6,000
- CLEAR (investigative software) \$ 2,400
- Ballistic Shields (2) \$ 6,700
- Public Relations – Cop Camp/Citizen Police \$ 5,000

The Chief and Lieutenant discussed the merits of each capital and unfunded request. All are aimed at improving the efficiency of the operation so maximum levels of service can be maintained and insuring the safety of the officers.

During the discussion on the retirement of K9 Flynn, a resident and local business owner offered a \$10,000 donation to offset the costs of the K9 program. These funds were incorporated into the final budget and reduced the overall Departmental budget. As noted already in this report, a \$25,000 grant was also received at the end of 2019 but after the Preliminary Budget was approved and advertised. If permitted by the grant program, these funds will be applied to approved police unfunded requests to reduce the budget further.

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

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 2020 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 and future discussions on increased manpower will be required. The Park Maintenance crew will also remain at its current staffing level of 6 full-time employees and 2 seasonal positions.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Road Maintenance

The Road Maintenance expenditures are budgeted at \$2,316,480 which is a 3% decrease from 2019. Note that the 2019 expenses included two one-time projects, the Trinley Road Culvert and sewer lateral at the Community Park for a total cost of about \$122,000. The Township's annual road program was reviewed, and the first portion of the project includes the mill and overlay process which is funded by annual PA Liquid Fuels monies. The total cost to mill and pave the following roads is projected at \$450,000.

Aronimink, Phase 2	Long Meadow Road
Royersford Rd, Phase 2	Somerset Circle
Graterford Rd	Buckley Circle
Collins Lane	Creekview Circle
Dunleavy Circle	Azalea Circle and Laurel Drive

The Liquid Fuel Fund reserve at 12/31/19 is projected to be \$384,491. 2020 receipts are budgeted at \$624,258 resulting in a balance available of \$1,008,749 in 2020. After the paving projects noted above are completed, the reserve balance is projected to be \$558,749. This fund balance will be the topic of a capital equipment purchase later in this report.

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

Street Sweeping	\$ 5,500
Oil & Chip:	\$179,500
Ferdale Lane/ Colorado Court/ Zorro Court/ Forrest Glen Drive/ Sunny Brook Road	
Sheridan Lane/ Wenzel Circle	

The Department had four capital requests:

- The purchase of a new F350 truck with plow and spreader to replace the existing janitor vehicle. The 2019 Budget included \$10,000 to replace the utility body which was rusted beyond repair. During the work to spec a new body, it was noted that the frame and cab of the truck were also rusted and not worth the repair. The purchase of the utility body was placed on hold and a request to replace the entire truck is now listed at a cost of \$60,125. The janitor is on call during all winter events and needs a fully equipped vehicle with plow and spreader. He also maintains all park facilities and travels around the township to various sites on a routine basis.
- Complete the final phase of the fence around the PW yard for \$22,000.
- Replace the fueling system for the entire fleet and fire vehicles at a cost of \$15,000.
- Replace the roof on the salt shed as the 14-year-old structure is losing shingles and several repairs have been required often over the past few years. The estimated cost of the roof is listed at \$37,000 and will require a public bid.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

The Department had two unfunded requests:

- A new tandem 10-wheel dump at a cost of \$167,000. Due to the pending takeover of Swamp Pike for all winter maintenance and the recent addition of several new development roads, an addition to the fleet is proposed. The truck will also be used for construction projects in the summer months. Based on the surplus in the Liquid Fuel fund, the administration is recommended that the truck be purchased with these funds as opposed to township capital equipment reserve.
- Construction of a canopy over the fuel tanks which is estimated at \$60,000.

The Board approved the replacement F150, final phase of fencing and replacement of the fueling system as well as the canopy over the fuel system. The 10-wheel tandem was approved to be funded through Liquid Fuels.

PARK MAINTENANCE

The Parks Maintenance department is responsible for maintaining all township parks, open space, trails and playgrounds. 2020 expenditures are budgeted at \$648,450 a 4% increase over 2019 projections. About 17% of these costs or \$106,600 are funded by the real estate tax collected specifically for parks. Most of the funding is from a transfer from the General Fund, about \$525,000 in 2020. This is an ongoing issue frequently discussed with the Board and its noted that as more park and recreation amenities are added, the transfer from the General Fund continues to grow.

In terms of Capital Requests, the Department requested \$8,500 to replace a landscape trailer. Unfunded requests below are specific to the maintenance for the increase in park and trails specifically with the addition of the Toll Property, PECO trail and the second phase of the PECO expected to be built in 2020.

- | | |
|--|----------|
| • Zero Turn Mower | \$13,000 |
| • Front deck mower attachments –sweeper & blower | \$ 9,500 |
| • RTV attachment – 6" plow | \$ 4,150 |

The Board approved the purchase of RTV attachment for trail maintenance.

Parks and Recreation

2020 expenditures for the department are \$454,600 a modest 2.5% increase from 2019. Staffing remains the same with a full-time Director and two full-time recreation programmers. The only request of the Department is for the purchase of five tablets that staff can use with the township's recreation software system. Specifically, they want to use the tablets to ease the check-in and check-out process of children during the summer camp program.

With the increased use of social media, the township established a Twitter account in 2019 and the recreation programmers are charged with managing all content and posting. This includes the Park and Recreation Facebook page, Township website and a stand-alone Limerick Facebook page that was approved for 2020.

The Board approved the purchase of the five tablets.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Planning and Zoning

2020 budgeted expenditures for this Department are \$634,305 which is a 49% increase because of several long-range planning studies proposed for the upcoming year. 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 and over the past few years since the Lewis Road Overlay and Main Street Districts were enacted, it has become apparent that both should be re-evaluated to ensure they are in line with Board and township objectives. As noted in the 2019 review, a request by a resident to establish a native plant ordinance has yet to move forward because of other planning priorities. A review of these ordinances along with funds to update the Street and Sidewalk Ordinance are included in the general planning budget line item for 2020. Funding to finalize the Township Logo have also been rolled over into 2020 along with funding to complete the Open Space Update that also began last fall as reviewed previously in this report.

The Department has no capital requests, but the following Unfunded Requests were reviewed with the Board:

- | | |
|--|----------|
| • Act 209 Plan Impact Fee Update | \$75,000 |
| • Linfield Village Master Plan | \$62,000 |
| • Main Street District Ordinance revisions | \$15,000 |
| • Grant application – Manderach Playground rebuild | \$10,000 |
| • Grant application – next Trail phase | \$10,000 |
| • Grant application – Linfield Sports Park | \$ 5,000 |

The Township enacted an ACT 209 Ordinance, which is more commonly known as Traffic Impact Fees, in 2001. The Ordinance requires that an Improvement Plan accompany the ordinance which lists all projects that could be funded with the traffic fees collected from development projects. This Improvement Plan by law must be updated every ten years and the township did complete such a study in 2011. In order to meet the 2021 deadline, the Township Traffic Engineer is recommending the Township begin this study in 2020 with an expected completion date of summer 2021.

A master plan study of Linfield Village has been a desire of the township for many years and with potential new development on the Publicker Property, staff is recommending that this project now move forward. The study will include an economic feasibility study of the entire village along with the Publicker property to determine what realistically could be built over the next 10 to 20 years.

The Main Street District project is to review the Main Street, Lewis Road and native plant issues already discussed in this report.

While no specific grants have been identified as of the writing of this report, funds were requested to prepare grant applications for several desired projects such as the reconstruction of the playground and Linfield Sports Park. An evaluation of the next phase of trail construction will also take place this year and therefore, grant application funding is being requested.

The Board approved all the unfunded requests of the Planning and Zoning department.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Code Enforcement

The 2020 Budget for the four-person department is \$396,720 a 3% increase from 2019. The staff will continue with a full-time Director, two full-time field inspectors and a full-time administrative assistant. While permit approvals are expected to be lower than 2019, field inspections are projected to remain above average due to the large-scale construction projects that will continue throughout 2020. Several residential projects are also expected to receive final township approvals and move into the construction phase in 2020.

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

Emergency Services

With the 2019 re-structuring of the Department, 2020 budgeted expenditures are \$376,150, slightly less than 2019. Staffing includes four full-time positions:

- Fire Marshal
- Asst. Fire Marshal
- Fire Inspector
- Administrative Assistant

There were two capital requests. First, the last of five payments for the county radios of \$4,989. Second, as noted in this report under the departments 2019 review, the F-250 pickup was removed from the fleet after significant repairs made it too costly to pass inspection. A request to replace the vehicle with a new F250 was reviewed at a cost of \$56,100.

Unfunded requests included a new inspector due to the increasing number of new commercial and rental units coming on the market. The cost of the new inspector including wages and benefits, is estimated at \$74,775. This position would also require a vehicle, standard four wheel drive car was requested at \$35,000.

The last unfunded request was for eight new tablets for the Emergency Operation Center needed to access County software. The tablets, smaller and more portable, will replace very old laptops for a cost of \$4,800.

Also discussed was the continued success of the fire and life safety inspection program enacted with the singular goal of increasing code compliance to reduce the number of false and nuisance calls to the volunteer fire department. The fire department can demonstrate a reduction in the percentage of nuisance responses, and not only does it reduce the burden on the first responders, it provides an overall cost savings to the community. The residential rental inspection program in its second full year in 2020 is expected to have the same benefit.

A secondary benefit to an increase in staffing for this Department is to add additional support to the daytime driver operator program. Two drivers were lost through employee termination in 2019. With only four employees now volunteering to serve with Limerick Fire Department, it is hoped the person who would fill this new position would also agree to participate with the program. The township stipend of \$3,000 offered to any employee who volunteers, transferred to the Fire Department VIP Program. This change will allow for better oversight by Fire Department Officials as all township employees are under their direction when they volunteer for a fire response.

The Board approved the purchase of the tablets for the EOC. The replacement vehicle, new inspector and vehicle were deferred for discussion in the 2021 Budget.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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 2020 budget of \$1,848,793. This budget is in line with 2019 projections.

There were no capital requests, but the following Unfunded Requests were discussed:

Document storage upgrade	\$14,500
Fireproof cabinet	4,000

Over the past several years, a realignment of the duties of several administrative positions was undertaken to address demands on personnel. One administrative assistant is currently responsible for all Right-to-Know requests, as well as, management of the CBDG program. The CBDG program is expected to conclude by the summer of 2020. When this program ends, this administrative assistant will work with the Public Works department to meet their growing administrative needs and help determine whether a full-time position is warranted in the future.

The Board approved a document storage upgrade at a cost of \$5,000 and the fireproof cabinet.

Fire Department

The operational 2020 budget is \$675,300 which represents a 3% increase from 2019. This increase was offset by the continued cost savings realized by the 2019 merger of the two former volunteer fire companies. With projected receipts of \$629,000 in fire tax monies, \$156,000 in State Fire Relief funding, along with interest and a general fund transfer of \$70,000 to cover the township's obligation to the VIP Program, an addition of \$103,762 in cash reserves is budgeted with a projected 2020 yearend fund balance of \$243,632.

This surplus is important because as State Aid receipts to the Relief Association begin to decline, the surplus can be used to fund some of the expenditures previously supported by the relief association, as well as future capital requests.

The only Capital expenses is the second to last Quint Loan payment in the amount of \$58,938.

The Board also agreed to support the reconstruction of the new Linfield Station and directed staff to budget Capital Reserve Funds to cover the monthly payments for the Fire Department's construction loan. The total estimated cost of the project is \$4.35 million. The fire department will provide a 10% match as was done for the construction of the Limerick station. A Fire Department loan of \$4 million is anticipated for the balance of the project.

In terms of vehicles and apparatus, the updated 15-year replacement schedule was provided noting the removal of four vehicles from the fleet in 2019. Also discussed is their desire to purchase a new Special Service Vehicle in 2021 which would offer additional savings by combining 2 vehicles into 1 (Light & Cascade). The new vehicle would also be used for water rescue operations.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

When the fire department's long-range capital program was established several years ago, a place holder was noted for a training facility. An estimated cost of \$1.5 million was included but no specific timeframe was offered as the Limerick and Linfield fire stations were given funding priority. Discussions are underway with the Western Center Vocational Training Center as open land adjacent to their facility is thought to be a viable option. The school has agreed that the land could be used if they can also make use of the facility for courses they wish to offer. Montgomery County has also agreed to some level of support that has yet to be established. While significant discussion is still required between all parties, the fire department has requested a \$3,000,000 capital line item be added to their 15-year capital schedule for year 2021. The Board was receptive to the concept but did not commit to any funding currently. The Board did however agree that the Township should be involved in all discussions and instructed the administration to actively participate.

Roads/Infrastructure Projects

Linfield Trappe/Township Line Road Intersection – As noted in the 2018 Budget review, a grant was received by Upper Providence to fund the traffic signal portion of the project. Limerick's commitment to date is limited to a \$58,000 match, which was included in the 2019 Budget. All required right-of-way are expected to be finalized in early 2020 and bidding for the project anticipated in the spring with construction beginning in the summer. Limerick has a requested design change to include pedestrian notification devices on the traffic signal equipment that may increase the project budget above the level of the awarded grant and may result in a request from Upper Providence for additional funding from Limerick.

Royersford/Linfield Trappe Intersection – With the Board's approval of a specific design in 2019, 2020 will involve finalizing the plans and outside agency permits. Once this is concluded, the extent of right-of-way will be identified, and the township can then begin to work with property owners on the legal steps to acquire the needed land. The overall cost of the project remains at approximately \$5.4 million and the Board instructed staff to continue to look for grants or infrastructure funding that can be sought to offset the overall cost of this project.

Lightcap Road Upgrade – No further activity is proposed for this project in 2020. It will remain on the township's long-range roadway improvement list; the goal will be to hold off as long as possible until the impact of development is known for the available lands adjacent to the Outlet Mall.

Sanatoga/Route 422 Interchange – A design issue noted by the Federal Highway Administration delayed the anticipated bidding of this project in 2019. It is anticipated that all issues should be resolved in the first quarter of 2020 and the project will finally be put out to bid. According to our traffic engineer, the projected budget for this west-bound on-ramp is still favorable with an estimated cost of \$3.1 million. As noted in previous budget reports, a federal grant in the amount of \$2.1 million was obtained in 2016 and both Lower Pottsgrove and Limerick agreed to match the \$900,988 project balance. Lower Pottsgrove remains committed to their 35% match obligation with Limerick assuming the 65% balance. The deadline to use these grant funds will expire in June of this year and the township will seek another one-year extension into 2021. All Limerick funding is still provided from traffic impact fees collected from developers and no tax funds are yet required.

Lewis Road Improvement Project – With the success of the 2019 grant application and award of \$783,421 the focus of 2020 activities will be to finalize discussions with PA American and PennDOT as to their infrastructure needs along this roadway. The Township will also begin to communicate with affected property owners to review the scope of the project which will include the installation of sidewalks and storm water controls along the frontage of their properties. It is hoped that all details and approvals are in place by the end of the year so construction can commence in 2021.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Trail Projects – The trail from Lewis Road to Royersford Road that will traverse across the PECO powerline, is expected to be bid in early 2020. Once the date of the bid is known, the Township will reach out to the Ashbrook Estate residents to review the project which will include an upgrade of all trails within their community. If construction can begin over the summer months, the project should conclude by the end of the year so long as weather issues do not arise.

As noted previously in this report, this projected grant funding was originally scoped to end at Township Line Road but increases to the scope and construction costs required it to be scaled back to meet the grant funding budget. An application to PennDOT's Multi-Modal Fund was submitted in 2019 to fund the balance of this project and if the grant is awarded, then the township hopes to combine both sections with the TAP trail construction bid.

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

Aronimink Wall – The administration confirmed the ability to move forward with this project after other consultant and staffing projects delayed the project in 2019. The Board approved the previous year \$150,000 budget appropriation to be rolled over into the 2020 Budget. A positive meeting with the affected residents in late December 2019 confirmed their cooperation and the Township will finalize design and access issues in the first quarter of the year and hope to complete the bid in the spring so the project can be constructed over the summer months.

Bus Shelters – As noted already in this report, a \$48,000 grant was awarded in late 2019 for the construction of additional bus shelters throughout the township. This grant comes off the heels of the successful installation of a shelter on Ridge Pike near the Giant Gas Station property. With several locations in need of a shelter, the administration will review all options with the Board in the first quarter and determine a priority listing. The traffic engineer will again finalize all design and permitting and public works will construct all in-house as was done for the 2019 shelter project, eliminating the need to publicly bid the project and maximizing the number of shelters that can be funded by the grant.

The proposed Budget was presented to the Board on November 19th. Based on Board authorization, the 2020 Budget was advertised and subsequently approved on December 17, 2019 and the following items were incorporated into the approved Budget.

- **\$30,085,920 Budget across all funds**
- **No Increase in Real Estate Tax Rates**
- **Operational Deficit**
 - The 2020 General Fund Budget was approved with an opening operational budget deficit of \$229,169. This is an increase from 2019 which began the year with a \$68,588 deficit. With positive budget management and the hope that interest rates will remain strong and yield added returns that can be used to offset the deficit, the Board expressed confidence that this deficit will be reduced as has occurred in past years.
- **Transfer from Capital Reserves**
 - A budgeted transfer of interest earnings in the amount of \$1,782,438 into the General fund, which will eliminate the need to increase property taxes to balance the budget.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

- **Fire Company Capital Program**
 - Approval of the operational budget of \$259,695 as presented on November 12th
 - An additional transfer of \$18,000 to the VIP program, \$3,000 for each Township employee who volunteers for the Daytime Driver Program
 - Support for the construction of the new Linfield Station was affirmed with funding to cover the initial construction loan obligations and consideration for the payoff of the loan when construction is completed

- **EMS Agencies**
 - \$40,000 allocation to continue the funding support program that was 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 2020 contribution will be \$13,000.

- **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 and pursue to offset the need for township reserve funds.
 - Lightcap Road Upgrade – on hold pending development in that area.
 - Sanatoga/Route 422 Interchange – continuation of project under the \$2.1 million grant award will continue. Affirmed township match obligations at the 65% level.
 - Lewis Road Sidewalk Improvement Project – approved matching funds of \$328,000 to proceed with the awarded grant in the amount of \$783,421.
 - Aronimink – authorization of \$150,000 to move forward with this project.

- **Programs and Projects**
 - Open Space Update – approved funding to complete this study and prepare a referendum for additional EIT taxes for open space for the fall ballot.
 - DVRPC Streetlight Program – approved \$250,000 of Capital Reserve funds to move forward with the construction phase of the program.
 - Act 209 Study – approved funding as noted in this report for the required 10-year update to the Improvement Plan that is incorporated into the ACT 209 Ordinance.
 - Linfield Master Plan – authorized the \$62,000 cost to complete a study of Linfield Village that will include an economic and market study.
 - TAP Trail - Phase 2 – approved an \$187,500 match for the Multi-Modal Grant sought to complete the full project if the Township is successful in obtaining an award.
 - Park Phase One Improvements – approved a \$200,000 match to the DCNR grant awarded in 2019.
 - Open Space Acquisition – approved \$70,000 to purchase a 3.5-acre tract from the Beck Estate adding these lands to the Township’s existing Meng Road Preserve.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

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

2020 Capital and Unfunded Requests							
	Department	Amount	General Fund	Capital Equip.	Capital Reserves	Liquid Fuels	Approved
CAPITAL REQUESTS:							
Replace - 3 Vehicles	Police	157,855		157,855			yes
Radio - 5 of 5 installments	Police	29,007		29,007			yes
Watch Guard hardware upgrade	Police	5,000		5,000			yes
Replace -Toughbooks (3) vehicles	Police	4,500		4,500			yes
Radio - 5 of 5 installments	EM	4,989		4,989			yes
Replace inspector vehicle	EM	56,100		56,100			no
Replace - Janitor truck w/plow, spreader, work body	PW	60,125		60,125			yes
Building Fencing, phase 2 (approved in 2019)	PW	22,000		22,000			yes
Replace fuel system	PW	15,000		15,000			yes
Roof replacement - Salt building	PW	37,000		37,000			no
Replace - Landscape trailer	Park Maint.	8,500		8,500			no
UNFUNDED REQUESTS:							
Document Storage upgrade	Admin	5,000	5,000				yes
Fireproof cabinet	Admin	4,000		4,000			yes
Act 209 Impact Fee Plan Update	Planning	75,000	75,000				yes
Linfield Village Master Plan	Planning	62,000	62,000				yes
Main Street District ordinance revisions	Planning	15,000	15,000				yes
Grant application - Manderach Playground	Planning	10,000	10,000				yes
Grant application - next phase of trails	Planning	10,000	10,000				yes
Grant application - Linfield Sports Park	Planning	5,000	5,000				yes
K9 (Flynn retiring) ** K-9 Fund	Police	17,000	17,000				yes
Food for Retired Flynn (annual)	Police	850	850				yes
Building Enhancements	Police	8,350		8,350			yes
Patrol go-Bags (2)	Police	6,000		6,000			yes
CLEAR (investigative software)	Police	2,400	2,400				yes
Ballistic shields (2)	Police	6,700		6,700			yes
Public Relations - Cop Camp/Citizen Police	Police	5,000	5,000				yes
New inspector	EM	74,775	74,775				no
New vehicle	EM	30,000		30,000			no
Tablets - EOC (8)	EM	4,800		4,800			yes
Tandem axle 10 Wheeler	PW	167,000				167,000	yes
Overhang for Fuel system	PW	60,000		60,000			yes
Zero turn mower	Park Maint.	13,000		13,000			no
Front Deck Mower attachment - sweeper & blower	Park Maint.	9,500		9,500			no
RTV attachment - 6" plow	Park Maint.	4,150		4,150			yes
Tablets (5) - camp info real-time	Recreation	4,000		4,000			yes
LFD - Linfield Station	Fire				3,924,000		yes
LCP Masterplan, Phase 1 (Grant \$200,000)					200,000		yes
Lewis Road Sidewalks- match only (DCED Grant)					328,000		yes
Streetlight Replacemnt Program					250,000		yes
TAP Trail, Phase 2 (match only)					187,500		yes
TOTAL		999,601	282,025	550,576	4,889,500	167,000	

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

This Budget Message details the major initiatives and ongoing operational activities that will be the administration's focus over the course of 2020. The 2019 numbers reported above were estimated as of the approval of the 2020 Budget on December 17, 2019. The final two weeks of 2019 noted additional savings and increase in revenues providing an additional surplus of \$200,000. As has been the practice in past years, this surplus will be transferred to the Capital Equipment Fund used to purchase vehicles and trucks across several departments. This is a significant development because the 2020 yearend balance was estimated to be almost depleted after all approved capital and unfunded requests. The Capital Equipment Fund stood at over \$1million several years ago and has been declining steadily. The funding for this fund for the past ten years has primarily come from General Fund yearend surpluses. While the \$200,000 influx will assist the 2020 Budget as noted, a minimal balance will be available for 2021 and future year capital purchases that routinely require upwards of \$500,000 annually.

Similarly, the Park Capital Fund required a \$21,919 transfer of General Fund Reserves to balance the costs of all projects approved within the 2020 Budget. The funding for this fund has come from development impact fees which have been minimal because of the slowdown of residential projects from 2008 through 2018. Funding is only required if the projects cannot provide the required open space under township ordinances and the trend of late is that the new projects are providing the required lands. The new philosophy is that the open space is desired by buyers, and developers believe it helps sales so many are opting to include the land and eliminate the open space impact fee obligation to the Township. Many important projects have been funded with Park Capital Reserves such as the purchase of the Toll Property, park and playground upgrades and support for the recent trail construction projects. With the desire to expand park and recreational services for this growing community, a long-term analysis of how the Township can fund capital and maintenance of the expanding system will begin in 2020.

The fund balances of the Liquid Fuel and Fire Protection Funds are trending in a positive direction. With a projected 2020 yearend surplus of almost \$245,000 in the Fire Fund, this will help offset any unforeseen issues that may come up during the year. However, with a fleet of large and costly vehicles and equipment, and a reducing contribution from the PA Relief Program, a watchful eye of the support for the fire company must also be incorporated into ongoing long-range financial planning.

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 for 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.

The Budget also includes funding for staff training which will be the focus of a 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. 2020 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, 2019

In March 2020, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to impact the Township's operations including tax collections. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, state tax revenues could be significantly decreased. While the Township cannot predict the full economic impact at this time, we recognize that there will be a likely reduction of various sources of income and also expect to see a reduction in certain expenditures as well. There have been no layoffs or furloughs at this time.

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 11,217,393	\$ -	\$ 11,217,393
Investments	63,201,653	-	63,201,653
Receivables, taxes and other	866,814	-	866,814
Prepaid expenses and other assets	69,175	-	69,175
Capital assets, at cost			
Land and improvements	6,192,347	-	6,192,347
Buildings and building improvements	15,319,159	-	15,319,159
Machinery and equipment	5,289,503	-	5,289,503
Infrastructure	24,484,579	-	24,484,579
Construction in progress	321,975	-	321,975
Accumulated depreciation	(11,771,481)	-	(11,771,481)
TOTAL ASSETS	<u>115,191,117</u>	<u>-</u>	<u>115,191,117</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension activities	707,712	-	707,712
Deferred outflows of resources - OPEB activities	140,469	-	140,469
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>848,181</u>	<u>-</u>	<u>848,181</u>
LIABILITIES			
Accounts payable	592,473	-	592,473
Unearned revenue	419,220	-	419,220
Long-term liabilities			
Portion due or payable within one year			
Note payable	33,995	-	33,995
Portion due or payable after one year			
Total OPEB liability	2,255,761	-	2,255,761
Net pension liability	1,253,865	-	1,253,865
Compensated absences	155,503	-	155,503
TOTAL LIABILITIES	<u>4,710,817</u>	<u>-</u>	<u>4,710,817</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension activities	971,203	-	971,203
Deferred inflows of resources - OPEB activities	104,672	-	104,672
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,075,875</u>	<u>-</u>	<u>1,075,875</u>
NET POSITION			
Net investment in capital assets	39,802,087	-	39,802,087
Restricted	2,550,783	-	2,550,783
Unrestricted	67,899,736	-	67,899,736
TOTAL NET POSITION	<u>\$ 110,252,606</u>	<u>\$ -</u>	<u>\$ 110,252,606</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,398,617	\$ -	\$ -	\$ -
Public safety	12,363,310	15,132	170,132	-
Public works	3,392,393	1,790,190	1,321,350	10,000
Culture and recreation	1,335,151	419,271	219,518	-
Conservation and development	250,989	-	249,282	-
Miscellaneous	176,503	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	19,916,963	2,224,593	1,960,282	10,000
BUSINESS-TYPE ACTIVITIES				
Sewer Fund	99	5,727	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 19,917,062	\$ 2,230,320	\$ 1,960,282	\$ 10,000

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

INTERFUND TRANSFERS, net

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>
<u>Activities</u>	<u>Activities</u>	
\$ (2,398,617)	\$ -	\$ (2,398,617)
(12,178,046)	-	(12,178,046)
(270,853)	-	(270,853)
(696,362)	-	(696,362)
(1,707)	-	(1,707)
<u>(176,503)</u>	<u>-</u>	<u>(176,503)</u>
(15,722,088)	-	(15,722,088)
<u>-</u>	<u>5,628</u>	<u>5,628</u>
<u>(15,722,088)</u>	<u>5,628</u>	<u>(15,716,460)</u>
3,205,878	-	3,205,878
4,655,282	-	4,655,282
627,088	-	627,088
566,333	-	566,333
795,235	-	795,235
2,516,339	2,238	2,518,577
57,545	-	57,545
1,597,424	-	1,597,424
36,990	-	36,990
<u>319,207</u>	<u>2,275</u>	<u>321,482</u>
14,377,321	4,513	14,381,834
<u>6,460,838</u>	<u>(6,460,838)</u>	<u>-</u>
5,116,071	(6,450,697)	(1,334,626)
<u>105,136,535</u>	<u>6,450,697</u>	<u>111,587,232</u>
<u>\$ 110,252,606</u>	<u>\$ -</u>	<u>\$ 110,252,606</u>

LIMERICK TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,066,013	\$ 5,192,081
Investments	2,781,001	58,413,552
Receivables, taxes and other	704,581	115,669
Due from other funds	-	200,000
Prepaid expenses	<u>21,933</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 8,573,528</u>	<u>\$ 63,921,302</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 369,863	\$ 6,526
Due to other funds	<u>200,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>569,863</u>	<u>6,526</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	<u>381,455</u>	<u>-</u>
FUND BALANCES		
Nonspendable, prepaid expenses	21,933	-
Restricted for		
Road and street improvements	-	-
Debt service	-	-
Fire protection	-	-
Committed		
Post retirement health reserve	433,269	-
Canine fund	19,071	-
Assigned to		
Capital projects	-	63,311,561
Capital equipment	-	603,215
Recreation activities	-	-
Future road improvements	1,000,000	-
Unassigned	<u>6,147,937</u>	<u>-</u>
TOTAL FUND BALANCES	<u>7,622,210</u>	<u>63,914,776</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,573,528</u>	<u>\$ 63,921,302</u>

See accompanying notes to the basic financial statements.

Fire Protection Fund	Recreation Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 135,500	\$ 304,547	\$ 3,803	\$ 515,449	\$ 11,217,393
-	-	-	2,007,100	63,201,653
5,776	978	46	39,764	866,814
-	-	-	-	200,000
42,321	4,921	-	-	69,175
<u>\$ 183,597</u>	<u>\$ 310,446</u>	<u>\$ 3,849</u>	<u>\$ 2,562,313</u>	<u>\$ 75,555,035</u>
\$ 31,229	\$ 59,228	\$ -	\$ 125,627	\$ 592,473
-	-	-	-	200,000
<u>31,229</u>	<u>59,228</u>	<u>-</u>	<u>125,627</u>	<u>792,473</u>
-	-	-	-	381,455
42,321	4,921	-	-	69,175
-	-	-	2,436,887	2,436,887
-	-	3,849	-	3,849
110,047	-	-	-	110,047
-	-	-	-	433,269
-	-	-	-	19,071
-	-	-	-	63,311,561
-	-	-	-	603,215
-	246,297	-	-	246,297
-	-	-	-	1,000,000
-	-	-	(201)	6,147,736
<u>152,368</u>	<u>251,218</u>	<u>3,849</u>	<u>2,436,686</u>	<u>74,381,107</u>
<u>\$ 183,597</u>	<u>\$ 310,446</u>	<u>\$ 3,849</u>	<u>\$ 2,562,313</u>	<u>\$ 75,555,035</u>

LIMERICK TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2019

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 74,381,107

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land and improvements	6,192,347
Construction in progress	321,975
Buildings and building improvements	15,319,159
Machinery and equipment	5,289,503
Infrastructure	24,484,579
Accumulated depreciation	(11,771,481)

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.

(227,694)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable	(33,995)
Total OPEB liability	(2,255,761)
Net pension liability	(1,253,865)
Compensated absences	(155,503)

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.

(37,765)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 110,252,606

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
REVENUES		
Taxes	\$ 9,105,979	\$ -
Fees, licenses and permits	1,734,994	-
Interest and rents	324,479	2,076,156
Intergovernmental revenues	686,536	-
Fines, forfeits and costs	57,545	-
Program revenues	-	-
Other	204,815	11,209
TOTAL REVENUES	<u>12,114,348</u>	<u>2,087,365</u>
EXPENDITURES		
General government	2,086,319	-
Public safety	6,553,764	-
Public works	2,374,251	-
Culture and recreation	-	-
Conservation and development	-	-
Miscellaneous	164,464	-
Capital projects	-	590,997
TOTAL EXPENDITURES	<u>11,178,798</u>	<u>590,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>935,550</u>	<u>1,496,368</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	848,874	3,985,561
Operating transfers out	(1,329,963)	(1,552,330)
Proceeds from sale of capital assets	-	42,666
TOTAL OTHER FINANCING SOURCES (USES)	<u>(481,089)</u>	<u>2,475,897</u>
NET CHANGE IN FUND BALANCES	454,461	3,972,265
FUND BALANCES AT BEGINNING OF YEAR	<u>7,167,749</u>	<u>59,942,511</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,622,210</u>	<u>\$ 63,914,776</u>

See accompanying notes to the basic financial statements.

<u>Fire Protection Fund</u>	<u>Recreation Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 627,088	\$ 107,440	\$ 252	\$ -	\$ 9,840,759
-	11,000	-	70,328	1,816,322
3,350	11,363	24	100,967	2,516,339
156,632	219,518	-	897,596	1,960,282
-	-	-	-	57,545
-	408,271	-	-	408,271
-	-	-	113,183	329,207
<u>787,070</u>	<u>757,592</u>	<u>276</u>	<u>1,182,074</u>	<u>16,928,725</u>
5,126	974	519	-	2,092,938
5,089,622	-	-	110,460	11,753,846
-	-	-	599,442	2,973,693
-	1,322,820	-	-	1,322,820
-	-	-	250,989	250,989
12,039	-	-	-	176,503
-	-	-	-	590,997
<u>5,106,787</u>	<u>1,323,794</u>	<u>519</u>	<u>960,891</u>	<u>19,161,786</u>
<u>(4,319,717)</u>	<u>(566,202)</u>	<u>(243)</u>	<u>221,183</u>	<u>(2,233,061)</u>
4,424,679	522,891	-	-	9,782,005
-	-	(438,874)	-	(3,321,167)
-	-	-	-	42,666
<u>4,424,679</u>	<u>522,891</u>	<u>(438,874)</u>	<u>-</u>	<u>6,503,504</u>
104,962	(43,311)	(439,117)	221,183	4,270,443
<u>47,406</u>	<u>294,529</u>	<u>442,966</u>	<u>2,215,503</u>	<u>70,110,664</u>
<u>\$ 152,368</u>	<u>\$ 251,218</u>	<u>\$ 3,849</u>	<u>\$ 2,436,686</u>	<u>\$ 74,381,107</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, 2019**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,270,443

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. (562,061)

Donations of capital items are not reported on the Governmental Funds. However, in the statement of activities, the value of these donations is reported as a revenue. This is the value of capital asset donations in the period. 1,597,424

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. (5,676)

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. 9,057

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). (227,112)

Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position. 33,996

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,116,071

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

	<u>Sewer Fund</u>
ASSETS	\$ <u> -</u>
LIABILITIES	<u> -</u>
NET POSITION	\$ <u><u> -</u></u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 5,727
Miscellaneous	2,275
TOTAL OPERATING REVENUES	<u>8,002</u>
OPERATING EXPENSES	
General and administrative	<u>99</u>
OPERATING INCOME	7,903
NONOPERATING REVENUES	
Interest and investment revenue	<u>2,238</u>
INCOME BEFORE TRANSFERS	<u>10,141</u>
TRANSFERS	
Transfers in	2,231,149
Transfers out	<u>(8,691,987)</u>
TOTAL TRANSFERS	<u>(6,460,838)</u>
CHANGE IN NET POSITION	(6,450,697)
NET POSITION AT BEGINNING OF YEAR	<u>6,450,697</u>
NET POSITION AT END OF YEAR	<u>\$ -</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 86,293
Cash payments to suppliers for goods and services	(510)
Other operating cash receipts	<u>2,275</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>88,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	<u>(6,460,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>2,238</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,370,542)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,370,542</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 7,903
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable	80,566
Decrease in accounts payable and accrued expenses	<u>(411)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 88,058</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash, restricted	\$ 66,358	\$ 292,238
Investments, restricted	<u>13,011,111</u>	<u>-</u>
TOTAL ASSETS	<u>13,077,469</u>	<u>292,238</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>68,478</u>
NET POSITION		
Held in trust for pension benefits	13,077,469	-
Restricted for custodial purposes	<u>-</u>	<u>223,760</u>
TOTAL NET POSITION	<u>\$ 13,077,469</u>	<u>\$ 223,760</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 119,538	\$ -
Employee	66,388	-
State allocation	542,773	-
Developers	-	1,279,622
TOTAL CONTRIBUTIONS	<u>728,699</u>	<u>1,279,622</u>
Income from investments		
Net appreciation in fair value of investments	714,646	-
Net investment income	1,539,573	7,602
TOTAL INCOME FROM INVESTMENTS	<u>2,254,219</u>	<u>7,602</u>
Investment expense	(41,331)	-
INVESTMENT INCOME, net	<u>2,212,888</u>	<u>7,602</u>
TOTAL ADDITIONS	<u>2,941,587</u>	<u>1,287,224</u>
DEDUCTIONS		
Benefits	231,499	-
Escrow payments	-	1,358,315
TOTAL DEDUCTIONS	<u>231,499</u>	<u>1,358,315</u>
CHANGE IN NET POSITION	2,710,088	(71,091)
NET POSITION AT BEGINNING OF YEAR, restated	<u>10,367,381</u>	<u>294,851</u>
NET POSITION AT END OF YEAR	<u>\$ 13,077,469</u>	<u>\$ 223,760</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

- 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 blended 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 blended 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, 2019

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to parties for goods or services.

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

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

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

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Township reports the following major Governmental Funds:

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

Capital Reserve Fund - The Capital Reserve Fund is used to account for the proceeds of the sewer sale that have been reserved for future capital projects and the capital equipment fund is used to purchase major capital equipment

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

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Proprietary Fund includes accounts of the Township's Sewer Fund. The Township establishes sewer rates, collects sewer revenues, operates the sewer system, employs personnel to operate the sewer system and send sewer bills and handles fiscal management for the sewer system. The sewer system was sold in 2018 and the Township closed the Sewer Fund in 2019.

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, 2019

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 2019, 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, 2019 was \$1,482,410,352.

Transfers

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

Short-Term Interfund Receivables/Payables

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

Deposits and Investments

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

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, 2019

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, the net difference between projected and actual earnings on pension plan investments, 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.

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, differences in assumptions 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 OPEB plan.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019, \$3,506,082 was insured by the FDIC and \$8,109,221 of the Township's bank balance of \$11,615,303 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 \$ 8,109,221

Investments

As of December 31, 2019, 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	\$ -	\$ 15,571,725	\$ -	\$ 15,571,725
U. S. Treasury Obligation	-	21,294,022	4,847,769	16,446,253
Corporate bonds	-	3,627,826	2,369,448	1,258,378
Certificate of deposit	810,024	-	402,216	407,808
State investment pools	<u>21,898,056</u>	<u>-</u>	<u>21,898,056</u>	<u>-</u>
	\$ <u>22,708,080</u>	\$ <u>40,493,573</u>	\$ <u>29,517,489</u>	\$ <u>33,684,164</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 \$810,024 are stated at cost plus interest earned.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019, is \$21,898,056. 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, 2019, the Township's investment in the state investment pool was rated AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$21,898,056 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	\$ 8,387,431	\$ 8,875,439	\$ 3,909,034	\$ 4,135,672

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - RECEIVABLES

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

GOVERNMENTAL FUNDS	
General Fund	\$ 704,581
Recreation Fund	978
Road Improvement Fund	39,764
Fire Protection Fund	5,776
Debt Service Fund	46
Capital Reserve Fund	<u>115,669</u>
	<u>\$ 866,814</u>

There were no Proprietary Fund receivables at December 31, 2019, as the fund was closed and remaining receivables were transferred to the general fund.

NOTE D - INTERFUND TRANSFERS

Interfund transfers were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 848,874	\$ 1,329,963
Capital Reserve Fund	3,985,561	1,552,330
Debt Service Fund	-	438,874
Recreation Fund	522,891	-
Fire Protection Fund	4,424,679	-
Sewer Fund	<u>2,231,149</u>	<u>8,691,987</u>
	<u>\$ 12,013,154</u>	<u>\$ 12,013,154</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019, was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 5,892,562	\$ 299,785	\$ -	\$ 6,192,347
Construction in progress	358,822	185,375	(222,222)	321,975
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	6,251,384	485,160	(222,222)	6,514,322
Capital assets being depreciated				
Buildings and building improvements	15,216,625	102,534	-	15,319,159
Machinery and equipment	4,989,766	398,517	(98,780)	5,289,503
Infrastructure	22,776,695	1,707,884	-	24,484,579
TOTAL CAPITAL ASSETS BEING DEPRECIATED	42,983,086	2,208,935	(98,780)	45,093,241
Accumulated depreciation				
Buildings and building	(2,096,472)	(422,624)	-	(2,519,096)
Machinery and equipment	(2,559,405)	(434,232)	93,104	(2,900,533)
Infrastructure	(5,772,198)	(579,654)	-	(6,351,852)
TOTAL ACCUMULATED DEPRECIATION	(10,428,075)	(1,436,510)	93,104	(11,771,481)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	32,555,011	772,425	(5,676)	33,321,760
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 38,806,395	\$ 1,257,585	\$ (227,898)	\$ 39,836,082

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 158,016
Police, health and public safety	287,302
Public works	560,239
Culture and recreation	430,953
	<u>\$ 1,436,510</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019:

Year Ending <u>December 31,</u>	
2020	\$ 9,053
2021	9,053
2022	<u>6,636</u>
	<u>\$ 24,742</u>

NOTE G - LONG-TERM DEBT

Note payable is comprised of the following individual issue:

Promissory Note, Series of 2015, initial issue of \$135,983, with a fixed interest rate of 0%, maturing in 2020	<u>\$ 33,995</u>
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NOTE H - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2019, the following changes in long-term liabilities occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Promissory Note, Series of 2015	\$ 67,991	\$ -	\$ (33,996)	\$ 33,995	\$ 33,995
Total OPEB liability	1,927,037	328,724	-	2,255,761	-
Net pension liability	2,824,591	-	(1,570,726)	1,253,865	-
Compensated absences	<u>113,976</u>	<u>41,527</u>	<u>-</u>	<u>155,503</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 4,933,595</u>	<u>\$ 370,251</u>	<u>\$ (1,604,722)</u>	<u>\$ 3,699,124</u>	<u>\$ 33,995</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Summary of Significant Accounting Policies

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

Plan Description

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

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

Plan Membership - At December 31, 2019, plan membership consisted of the following:

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

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$519,135 to the plan for the year 2019.

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, 2019

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

The following was the Board's adopted asset allocation policy as of December 31, 2019:

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

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

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 21.19%. 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, 2019, were as follows:

Total pension liability	\$ 10,159,740
Plan fiduciary net position	<u>(8,906,405)</u>
NET PENSION LIABILITY	<u>\$ 1,253,335</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>87.66%</u>
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019, 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, 2019

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

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2019, (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, 2019

NOTE I - 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)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at December 31, 2018	\$ 9,248,315	\$ 6,952,886	\$ 2,295,429
Changes for the year			
Service cost	373,083	-	373,083
Interest	693,317	-	693,317
Differences between expected and actual experience	(38,159)	-	(38,159)
Contributions			
Employer	-	519,135	(519,135)
Member	-	66,388	(66,388)
Net investment income	-	1,510,879	(1,510,879)
Benefit payments	(116,816)	(116,816)	-
Administrative expense	-	(26,067)	26,067
Net changes	<u>911,425</u>	<u>1,953,519</u>	<u>(1,042,094)</u>
Balances at December 31, 2019	<u>\$ 10,159,740</u>	<u>\$ 8,906,405</u>	<u>\$ 1,253,335</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
Net pension liability	\$ <u>2,795,825</u>	\$ <u>1,253,335</u>	\$ <u>(16,349)</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized pension expense of \$550,072 for the Police Pension Plan. At December 31, 2019, 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	\$ 176,136	\$ 241,406
Differences in assumptions	450,067	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>379,303</u>
TOTAL	<u>\$ 626,203</u>	<u>\$ 620,709</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (35,463)
2021	(45,850)
2022	48,972
2023	(148,546)
2024	49,883
Thereafter	136,498

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

Summary of Significant Accounting Policies

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Plan Description

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

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

Plan Membership - At December 31, 2019, plan membership consisted of the following:

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

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

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

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$143,176 to the plan for the year 2019.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2019:

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

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

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 21.20%. 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, 2019, were as follows:

Total pension liability	\$ 4,171,594
Plan fiduciary net position	<u>(4,171,064)</u>
NET PENSION LIABILITY	<u>\$ 530</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.99%</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019, 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, 2019 (see the plan's investment policy), are summarized in the following table:

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

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that 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, 2019

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at December 31, 2018	\$ 3,943,657	\$ 3,414,495	\$ 529,162
Changes for the year			
Service cost	91,939	-	91,939
Interest	288,423	-	288,423
Differences between expected and actual experience	(37,742)	-	(37,742)
Contributions			
Employer	-	143,176	(143,176)
Member	-	-	-
Net investment income	-	743,340	(743,340)
Benefit payments	(114,683)	(114,683)	-
Administrative expense	-	(15,264)	15,264
NET CHANGES	<u>227,937</u>	<u>756,569</u>	<u>(528,632)</u>
Balances at December 31, 2019	\$ <u>4,171,594</u>	\$ <u>4,171,064</u>	\$ <u>530</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
Net pension liability	\$ <u>555,447</u>	\$ <u>530</u>	\$ <u>(469,978)</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2019, the Township recognized pension expense of \$143,176 for the Non-Uniform Pension Plan. At December 31, 2019, 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	\$ -	\$ 153,402
Differences in assumptions	81,509	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>197,092</u>
TOTAL	<u>\$ 81,509</u>	<u>\$ 350,494</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (75,479)
2021	(82,618)
2022	(11,453)
2023	(99,435)
2024	-
Thereafter	-

NOTE K - OTHER PENSION PLANS

Defined Contribution Plan

The Township also provides a defined contribution plan to substantially all former Authority employees and any non-uniform employee hired on or after January 1, 2009. Pension expense for the year ended December 31, 2019, was \$134,269.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - OTHER PENSION PLANS (Continued)

Deferred Compensation Plan

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

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

Plan Description

The Township provides medical, prescription and dental insurance benefits to eligible retired 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, 2019, 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><u>30</u></u>

Total OPEB Liability

The Township's total OPEB liability of \$2,255,761 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical inflation rate	8% increase in the first year, decreasing by 1% per year to ultimate rate of 5%
Inflation	3.00%
Wage inflation	3.50%
Salary increases	4.00%, average, including inflation
Discount rate	4.10% (12/31/2018 Bond Buyer Municipal Bond Index AA) 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 Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2018	\$ 1,927,037	\$ -	\$ 1,927,037
Service cost	109,445	-	109,445
Interest	83,200	-	83,200
Differences between expected and actual experience	150,503	-	150,503
Contributions			
Employer	-	14,424	(14,424)
Benefit payments	(14,424)	(14,424)	-
NET CHANGES	<u>328,724</u>	<u>-</u>	<u>328,724</u>
Balances at December 31, 2019	<u>\$ 2,255,761</u>	<u>\$ -</u>	<u>\$ 2,255,761</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Sensitivity of the total OPEB liability to changes in the discount rate - The following represents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.74%) or 1-percentage point higher (3.74%) than the current discount rate:

	<u>1% Decrease</u> 1.74%	<u>Current</u> <u>Discount Rate</u> 2.74%	<u>1% Increase</u> 3.74%
Total OPEB liability	\$ <u>2,476,380</u>	\$ <u>2,255,761</u>	\$ <u>2,053,277</u>

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

	<u>1% Decrease</u>	<u>Current</u> <u>Medical</u> <u>Inflation Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>2,068,076</u>	\$ <u>2,255,761</u>	\$ <u>2,467,746</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Township recognized OPEB expense of \$195,055. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Outflows of</u> <u>Resources</u>	<u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ <u>140,469</u>	\$ <u>104,672</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, 2019

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

<u>Year Ending</u> <u>December 31,</u>		
2020	\$	2,410
2021		2,410
2022		2,410
2023		2,410
2024		2,410
Thereafter		23,747

NOTE M - 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 N - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE O - ASSET PURCHASE AGREEMENT

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE P - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 84, Fiduciary Activities. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For the fiduciary fund custodial funds, the Township has treated the beginning of year net position of \$294,851 as having been recognized in the period incurred. The Township has adjusted beginning net position for their custodial funds from \$0 to \$294,851.

NOTE Q - SUBSEQUENT EVENTS

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to impact the Township's operations including tax collections. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, state tax revenues could be significantly decreased. Overall, decreased funding could result in the Township having to curtail or eliminate some non-essential services and furlough employees.

Due to the pandemic, the financial markets have experienced significant market decline since the beginning of the year. These losses, if not regained, will have a significant detrimental impact on the value of the investments held by the Township, specifically on the non-uniform and police pension plans. Decreases in the value of investments held by the plans may result in a significant impact on the pension liabilities and related deferred inflows and outflows related to the pension plans. The extent to which COVID-19 will impact our financial condition and results of operations is uncertain and cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

LIMERICK TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 8,723,000	\$ 8,906,000	\$ 9,105,979	\$ 199,979
Fees, licenses and permits	1,096,095	1,669,811	1,734,994	65,183
Interest and rents	140,000	320,000	324,479	4,479
Intergovernmental revenues	599,683	690,511	686,536	(3,975)
Fines, forfeits and costs	80,500	60,500	57,545	(2,955)
Other	101,624	129,624	204,815	75,191
TOTAL REVENUES	<u>10,740,902</u>	<u>11,776,446</u>	<u>12,114,348</u>	<u>337,902</u>
EXPENDITURES				
General government	2,052,618	2,131,314	2,086,319	44,995
Public safety	6,894,870	6,596,595	6,553,764	42,831
Public works	2,363,700	2,409,200	2,374,251	34,949
Miscellaneous	200,253	213,601	164,464	49,137
TOTAL EXPENDITURES	<u>11,511,441</u>	<u>11,350,710</u>	<u>11,178,798</u>	<u>171,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(770,539)</u>	<u>425,736</u>	<u>935,550</u>	<u>509,814</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,410,000	849,483	848,874	(609)
Operating transfers out	<u>(708,050)</u>	<u>(1,275,219)</u>	<u>(1,329,963)</u>	<u>(54,744)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>701,950</u>	<u>(425,736)</u>	<u>(481,089)</u>	<u>(55,353)</u>
NET CHANGE IN FUND BALANCE	(68,589)	-	454,461	454,461
FUND BALANCE AT BEGINNING OF YEAR	<u>7,167,749</u>	<u>7,167,749</u>	<u>7,167,749</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,099,160</u>	<u>\$ 7,167,749</u>	<u>\$ 7,622,210</u>	<u>\$ 454,461</u>

See accompanying notes to the budgetary comparison schedule.

LIMERICK TOWNSHIP

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2019

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, 2019, there were no expenditures that exceeded appropriations in the General Fund object levels (the legal level of budgetary control).

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

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 373,083	\$ 329,797	\$ 327,521	\$ 246,047	\$ 243,761	\$ 236,746
Interest	693,317	636,041	524,006	502,435	459,281	408,015
Differences between expected and actual experience	(38,159)	(117,027)	246,892	(7,796)	(213,278)	7,390
Changes of assumptions	-	-	527,043	-	142,297	-
Benefit payments	(116,816)	(87,344)	(77,521)	(77,521)	(77,521)	(67,939)
NET CHANGE IN TOTAL PENSION LIABILITY	911,425	761,467	1,547,941	663,165	554,540	584,212
Total pension liability, beginning	9,248,315	8,486,848	6,938,907	6,275,742	5,721,202	5,136,990
TOTAL PENSION LIABILITY, ENDING (a)	\$ 10,159,740	\$ 9,248,315	\$ 8,486,848	\$ 6,938,907	\$ 6,275,742	\$ 5,721,202
PLAN FIDUCIARY NET POSITION						
Contributions						
Employer	\$ 519,135	\$ 487,259	\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
Member	66,388	63,964	58,478	41,450	23,850	21,729
Net investment income	1,510,879	(465,745)	903,106	355,286	(12,005)	215,890
Benefit payments, including refunds of member contributions	(116,816)	(87,344)	(77,521)	(77,521)	(77,521)	(67,939)
Administrative expense	(26,067)	(24,569)	(24,757)	(21,207)	(19,167)	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,953,519	(26,435)	1,218,991	656,497	260,193	497,554
Plan fiduciary net position, beginning	6,952,886	6,979,321	5,760,330	5,103,833	4,843,640	4,346,086
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 8,906,405	\$ 6,952,886	\$ 6,979,321	\$ 5,760,330	\$ 5,103,833	\$ 4,843,640
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 1,253,335	\$ 2,295,429	\$ 1,507,527	\$ 1,178,577	\$ 1,171,909	\$ 877,562
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	87.66%	75.18%	82.24%	83.01%	81.33%	84.66%
COVERED PAYROLL	\$ 3,110,791	\$ 3,215,481	\$ 2,867,795	\$ 2,685,827	\$ 2,248,910	\$ 2,259,199
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	40.29%	71.39%	52.57%	43.88%	52.11%	38.84%

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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 519,135	\$ 487,259	\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>519,135</u>	<u>487,259</u>	<u>359,685</u>	<u>358,489</u>	<u>345,036</u>	<u>327,874</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>					
COVERED PAYROLL	\$ <u>3,110,791</u>	\$ <u>3,215,481</u>	\$ <u>2,867,795</u>	\$ <u>2,685,827</u>	\$ <u>2,248,910</u>	\$ <u>2,259,199</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>16.69%</u>	<u>15.15%</u>	<u>12.54%</u>	<u>13.35%</u>	<u>15.34%</u>	<u>14.51%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019 January 1, 2017 January 1, 2015

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	13 years	12 years	12 years
Asset valuation method	Market value	Market value	Market value
Inflation	3%	3%	3%
Salary increases	4.75% average annual increase	4.75% average annual increase	4.75% average annual increase
Investment rate of return	7.25%	7.25%	7.75%
Retirement age	Age 52 with 27 years of service	Age 52 with 27 years of service	Age 52 with 27 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA	RP-2000 Mortality Table (Blue Collar) with Scale AA	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>21.19%</u>	<u>(6.69%)</u>	<u>15.28%</u>	<u>6.99%</u>	<u>(0.52%)</u>	<u>5.82%</u>

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

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

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 91,939	\$ 91,111	\$ 92,977	\$ 99,798	\$ 97,018	\$ 98,606
Interest	288,423	272,056	258,909	257,849	233,848	215,189
Differences between expected and actual experience	(37,742)	(22,002)	(235,283)	(35,402)	(30,191)	(30,030)
Changes of assumptions	-	-	163,695	-	68,457	-
Benefit payments	(114,683)	(117,780)	(76,423)	(66,276)	(58,150)	(52,750)
NET CHANGE IN TOTAL PENSION LIABILITY	227,937	223,385	203,875	255,969	310,982	231,015
Total pension liability, beginning	3,943,657	3,720,272	3,516,397	3,260,428	2,949,446	2,718,431
TOTAL PENSION LIABILITY, ENDING (a)	\$ 4,171,594	\$ 3,943,657	\$ 3,720,272	\$ 3,516,397	\$ 3,260,428	\$ 2,949,446
PLAN FIDUCIARY NET POSITION						
Contributions						
Employer	\$ 143,176	\$ 142,413	\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
Member	-	-	-	-	-	-
Net investment income	743,340	(231,417)	484,197	200,910	(5,830)	141,082
Benefit payments, including refunds of member contributions	(114,683)	(117,780)	(76,423)	(66,276)	(58,150)	(52,750)
Administrative expense	(15,264)	(15,025)	(16,640)	(14,417)	(13,070)	(16,536)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	756,569	(221,809)	515,993	255,503	70,091	205,275
Plan fiduciary net position, beginning	3,414,495	3,636,304	3,120,311	2,864,808	2,794,717	2,589,442
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 4,171,064	\$ 3,414,495	\$ 3,636,304	\$ 3,120,311	\$ 2,864,808	\$ 2,794,717
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 530	\$ 529,162	\$ 83,968	\$ 396,086	\$ 395,620	\$ 154,729
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	99.99%	86.58%	97.74%	88.74%	87.87%	94.75%
COVERED PAYROLL	\$ 1,100,685	\$ 1,127,059	\$ 1,147,860	\$ 1,101,065	\$ 1,363,192	\$ 1,326,883
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	0.05%	46.95%	7.32%	35.97%	29.02%	11.66%

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.

LIMERICK TOWNSHIP
SCHEDULE OF NON-UNIFORM PENSION PLAN
CONTRIBUTIONS
LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 143,176	\$ 142,413	\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>143,176</u>	<u>142,413</u>	<u>124,859</u>	<u>135,286</u>	<u>147,141</u>	<u>133,479</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>					
COVERED PAYROLL	<u>\$ 1,100,685</u>	<u>\$ 1,127,059</u>	<u>\$ 1,147,860</u>	<u>\$ 1,101,065</u>	<u>\$ 1,363,192</u>	<u>\$ 1,326,883</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>13.01%</u>	<u>12.64%</u>	<u>10.88%</u>	<u>12.29%</u>	<u>10.79%</u>	<u>10.06%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019 January 1, 2017 January 1, 2015

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

Methods and assumptions used to determine contribution rates:

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>21.20%</u>	<u>(6.78%)</u>	<u>15.38%</u>	<u>7.04%</u>	<u>(0.52%)</u>	<u>5.58%</u>

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

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

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

NOTES TO SCHEDULE

Discount rate changes: For the December 31, 2019 valuation, the discount rate was lowered from 4.10% to 2.74%.

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, 2019

	Highway Aid Fund	Community Development Block Grant Fund	Road Improvement Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 502,083	\$ 1,607	\$ 11,759	\$ 515,449
Investments	-	-	2,007,100	2,007,100
Receivables, taxes and other	-	-	39,764	39,764
TOTAL ASSETS	<u>\$ 502,083</u>	<u>\$ 1,607</u>	<u>\$ 2,058,623</u>	<u>\$ 2,562,313</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 110,460	\$ 1,808	\$ 13,359	\$ 125,627
FUND BALANCES				
Restricted for				
Road and street improvements	391,623	-	2,045,264	2,436,887
Unassigned	-	(201)	-	(201)
TOTAL FUND BALANCES	<u>391,623</u>	<u>(201)</u>	<u>2,045,264</u>	<u>2,436,686</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 502,083</u>	<u>\$ 1,607</u>	<u>\$ 2,058,623</u>	<u>\$ 2,562,313</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Highway Aid Fund	Community Development Block Grant Fund	Road Improvement Fund	Total Other Governmental Funds
REVENUES				
Fees, licenses, and permits	\$ -	\$ -	\$ 70,328	\$ 70,328
Interest and rents	13,686	101	87,180	100,967
Intergovernmental revenues	648,314	249,282	-	897,596
Other	-	-	113,183	113,183
TOTAL REVENUES	<u>662,000</u>	<u>249,383</u>	<u>270,691</u>	<u>1,182,074</u>
EXPENDITURES				
Public safety	110,460	-	-	110,460
Public works	528,273	-	71,169	599,442
Conservation and development	-	250,989	-	250,989
TOTAL EXPENDITURES	<u>638,733</u>	<u>250,989</u>	<u>71,169</u>	<u>960,891</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>23,267</u>	<u>(1,606)</u>	<u>199,522</u>	<u>221,183</u>
NET CHANGE IN FUND BALANCES	23,267	(1,606)	199,522	221,183
FUND BALANCES AT BEGINNING OF YEAR	<u>368,356</u>	<u>1,405</u>	<u>1,845,742</u>	<u>2,215,503</u>
FUND BALANCES AT END OF YEAR	<u>\$ 391,623</u>	<u>\$ (201)</u>	<u>\$ 2,045,264</u>	<u>\$ 2,436,686</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ASSETS			
Cash, restricted	\$ 36,966	\$ 29,392	\$ 66,358
Investments, restricted	<u>8,875,439</u>	<u>4,135,672</u>	<u>13,011,111</u>
TOTAL ASSETS	8,912,405	4,165,064	13,077,469
LIABILITIES			
Due to (from) other funds	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 8,906,405</u>	<u>\$ 4,171,064</u>	<u>\$ 13,077,469</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, 2019

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Uniform Pension Fund	
ADDITIONS			
Contributions			
Employer	\$ 48,049	\$ 71,489	\$ 119,538
Employee	66,388	-	66,388
State allocation	471,086	71,687	542,773
TOTAL CONTRIBUTIONS	<u>585,523</u>	<u>143,176</u>	<u>728,699</u>
Income from investments			
Net appreciation in fair value of investments	488,008	226,638	714,646
Net investment income	1,022,871	516,702	1,539,573
TOTAL INCOME FROM INVESTMENTS	<u>1,510,879</u>	<u>743,340</u>	<u>2,254,219</u>
Investment expense	<u>(26,067)</u>	<u>(15,264)</u>	<u>(41,331)</u>
INVESTMENT INCOME, net	<u>1,484,812</u>	<u>728,076</u>	<u>2,212,888</u>
TOTAL ADDITIONS	<u>2,070,335</u>	<u>871,252</u>	<u>2,941,587</u>
DEDUCTIONS			
Benefits	<u>116,816</u>	<u>114,683</u>	<u>231,499</u>
CHANGE IN NET POSITION	<u>1,953,519</u>	<u>756,569</u>	<u>2,710,088</u>
NET POSITION AT BEGINNING OF YEAR	<u>6,952,886</u>	<u>3,414,495</u>	<u>10,367,381</u>
NET POSITION AT END OF YEAR	<u>\$ 8,906,405</u>	<u>\$ 4,171,064</u>	<u>\$ 13,077,469</u>

See accompanying notes to the basic financial statements.