
EXHIBIT I2

LIMERICK TOWNSHIP FINANCIAL STATEMENTS – 2014

LIMERICK TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2014



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

LIMERICK TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2014

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	3
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	18
Statement of Activities	19
<i>Fund Financial Statements</i>	
<i>Governmental Funds</i>	
Balance Sheet	20
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
<i>Proprietary Fund</i>	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28

LIMERICK TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2014

	Page
<i>Notes to the Basic Financial Statements</i>	29
Required Supplementary Information	
Budgetary Comparison Schedule	55
Note to the Budgetary Comparison Schedule	56
Police Pension Plan	
Schedule of Changes in the Net Police Pension Plan and Related Ratios	57
Schedule of Police Pension Plan Contributions	58
Schedule of Police Pension Plan Investment Returns	59
Non-Uniform Pension Plan	
Schedule of Changes in the Net Non-Uniform Pension Plan and Related Ratios	60
Schedule of Non-Uniform Pension Plan Contributions	61
Schedule of Non-Uniform Pension Plan Investment Returns	62
Postemployment Benefits Other Than Pension Funding Progress	63
Supplementary Information Section	
<i>Other Governmental Funds</i>	
Combining Balance Sheet	64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	65
<i>Fiduciary Funds (Pension Trust Funds)</i>	
Combining Schedule of Fiduciary Net Position	66
Combining Schedule of Changes in Fiduciary Net Position	67

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2014, Limerick Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*. 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 on pages 5 through 17, budgetary comparison information on pages 55 and 56, pension plan information on pages 57 through 62 and postemployment benefits other than pension funding progress on page 63 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.

Maille LLP

Oaks, Pennsylvania
June 5, 2015

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

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, 2014. 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 18.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's 2014 financial statements. The Township's 2014 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 18 and the *statement of activities* found on page 19 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 and codes), public works, highways and streets, planning and land development and culture and recreation.

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

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

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

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

Fund Financial Statements

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

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

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

The Township maintains nine individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Reserve Fund, Road Improvement Fund, and the Recreation Fund, which are all considered to be major funds. The remaining five funds are aggregated into one column and are labeled "Other Governmental Funds." ("Other Governmental Funds" are detailed on pages 64 and 65 in the Supplementary Information Section of this report.)

The basic Governmental Funds financial statements can be found on pages 20 through 23 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 24 through 26 of this report.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2014

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

The Fiduciary Funds financial statements can be found on pages 27 and 28 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 29 through 54 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 55 through 63 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 64 through 67.

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 \$72,020,417 at the close of December 31, 2014, which represents an increase of \$4,119,003 from the previous year. Current and other assets increased by \$3,316,295. Sewer tapping fees of over \$1,000,000 were received from developers and will be used for sewer capital projects in future years. In addition, a ten-year Supplemental Agreement and Stipulation was signed by PECO Energy resulting in a receivable of approximately \$756,000 and lastly, higher than anticipated income taxes were received as well as reduced departmental expenses. Capital assets, net, increased by \$3,104,260. Roads in two developments were dedicated at a cost of \$2,614,000. Also, the Township began construction of a new public works facility resulting in Construction in Progress of \$2,181,000. There was no dedication of sewer lines in 2014.

The Township's investment in capital assets, \$52,488,772 or 73% 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 this 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, 2014

The other portion of the Township's net position, \$19,143,209 or 27% is unrestricted net position and may be used to meet the Township's ongoing obligations to citizens and creditors. A large portion of these assets has been earmarked for future capital improvements. 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, \$388,436, represents resources that are subject to external restrictions on how they may be used. This includes net position of the Highway Aid Fund and Community Development Block Grant Fund as well as debt service accounts and developer deposits.

At December 31, 2014, the Township is able to report positive balances in all three categories of net position for the Township as a whole and also in the activities of its primary component unit.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change 2013-2014
	2014	2013	2014	2013	2014	2013	
ASSETS							
Current and other assets	\$ 15,527,184	\$ 13,465,721	\$ 6,872,211	\$ 5,617,379	\$ 22,399,395	\$ 19,083,100	17.38%
Capital assets	27,992,948	23,711,102	36,017,704	37,195,290	64,010,652	60,906,392	5.10%
TOTAL ASSETS	43,520,132	37,176,823	42,889,915	42,812,669	86,410,047	79,989,492	8.03%
DEFERRED OUTFLOWS OF RESOURCES							
	-	-	65,475	71,519	65,475	71,519	-8.45%
LIABILITIES							
Other liabilities	1,518,160	427,975	103,778	1,002,861	1,621,938	1,430,836	13.36%
Long-term liabilities	5,036,917	2,929,718	7,796,250	7,799,043	12,833,167	10,728,761	19.61%
TOTAL LIABILITIES	6,555,077	3,357,693	7,900,028	8,801,904	14,455,105	12,159,597	18.88%
NET POSITION							
Net investment in capital assets	24,267,318	21,729,491	28,221,454	28,496,247	52,488,772	50,225,738	4.51%
Restricted	388,436	325,649	-	-	388,436	325,649	19.28%
Unrestricted	12,309,301	11,763,990	6,833,908	5,586,037	19,143,209	17,350,027	10.34%
TOTAL NET POSITION	\$ 36,965,055	\$ 33,819,130	\$ 35,055,362	\$ 34,082,284	\$ 72,020,417	\$ 67,901,414	6.07%

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

The Township's statement of activities shows how the net position changed during the fiscal year 2014. The statement of activities can be found on page 19 of this report (*also see table below*). The table below helps to explain the changes in net position from January 1, 2014 to December 31, 2014 and from January 1, 2013 to December 31, 2013.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013-2014
REVENUES							
Program revenues							
Charges for services	\$ 1,330,325	\$ 1,247,317	\$ 4,951,845	\$ 3,810,008	\$ 6,282,170	\$ 5,057,325	24.22%
Operating grants and contributions	1,175,022	1,256,739	-	-	1,175,022	1,256,739	-8.50%
Capital grants and contributions	50,200	108,500	-	-	50,200	108,500	-53.73%
General revenues							
Taxes, levied for general purposes	8,035,232	7,488,052	-	-	8,035,232	7,488,052	7.31%
Other	3,193,376	363,715	56,092	46,495	3,249,468	410,210	692.15%
TOTAL REVENUES	13,784,155	10,464,323	5,007,937	3,856,503	18,792,092	14,320,826	31.22%
EXPENSES							
General government	1,626,583	1,464,619	-	-	1,626,583	1,464,619	11.08%
Public safety	5,484,902	5,149,850	-	-	5,484,902	5,149,850	6.51%
Public works	2,591,901	2,353,760	-	-	2,591,901	2,353,760	10.12%
Culture and recreation	1,036,211	969,378	-	-	1,036,211	969,378	6.89%
Conservation and development	162,262	205,858	-	-	162,262	205,858	-21.18%
Interest on long-term debt	76,922	72,489	197,049	225,046	273,971	297,535	-7.92%
Miscellaneous	259,449	240,220	-	-	259,449	240,220	8.00%
Water, sewer and parking	-	-	3,237,810	3,271,408	3,237,810	3,271,408	-1.03%
TOTAL EXPENSES	11,238,230	10,456,174	3,434,859	3,496,454	14,673,089	13,952,628	5.16%
CHANGE IN NET POSITION BEFORE TRANSFERS	2,545,925	8,149	1,573,078	360,049	4,119,003	368,198	1018.69%
TRANSFERS	600,000	500,000	(600,000)	(500,000)	-	-	0.00%
CHANGE IN NET POSITION	3,145,925	508,149	973,078	(139,951)	4,119,003	368,198	1018.69%
NET POSITION AT BEGINNING OF YEAR	33,819,130	33,310,981	34,082,284	34,222,235	67,901,414	67,533,216	0.55%
NET POSITION AT END OF YEAR	\$ 36,965,055	\$ 33,819,130	\$ 35,055,362	\$ 34,082,284	\$ 72,020,417	\$ 67,901,414	6.07%

As shown above, the Township's net position increased by \$4,119,003 and \$368,198 from January 1, 2014 and 2013, respectively.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

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 22) along with the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities" (page 23).

On page 22, 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 \$839,608 and it increases the fund balances from January 1, 2014 to December 31, 2014. The total fund balances at December 31, 2014, are \$13,923,597.

The reconciliation on page 23 explains how the Township arrived at the increase in net position of \$3,145,925 of the governmental activities from the Governmental Funds, starting with an increase in fund balances of \$839,608.

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

Expenses and Program Revenues

	2014			2013		
	<u>Expenses</u>	<u>Program Revenues</u>	<u>% of Program Revenues to Expenses</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>% of Program Revenues to Expenses</u>
General government	1,626,583	\$ -	0%	\$ 1,464,619	\$ -	0%
Public safety	5,484,902	395,392	7%	5,149,850	395,375	8%
Public works	2,591,901	1,749,897	68%	2,353,760	1,765,146	75%
Culture and recreation	1,036,211	281,532	27%	969,378	251,402	26%
Conservation and development	162,262	128,726	79%	205,858	200,633	97%
Miscellaneous	259,449	-	0%	240,220	-	0%
Interest	76,922	-	0%	72,489	-	0%
	<u>\$ 11,238,230</u>	<u>\$ 2,555,547</u>	23%	<u>\$ 10,456,174</u>	<u>\$ 2,612,556</u>	25%

The Township's governmental activities' program revenues (charges for services, operating grants and contributions) for each governmental department cover 23% or \$2,555,547 of the expenses in 2014, slightly less than 2013.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2014 budget adopted in December 2013 was amended twice during the year--in July (Resolution 2014-16) and again in December (Resolution 2014-33)--resulting in anticipated General Fund expenditures equaling revenues, or no use of reserves, as compared to \$14,823 originally budgeted. As of year-end, revenues exceeded the amended budget by \$410,965 and expenditures were under the amended budget estimates by \$311,398. A comparison of budget to actual numbers for the General Fund can be found on page 55 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 \$383,658. The Township collected \$561,495 in Real Estate Transfer Taxes, \$21,495 more than the budgeted amount of \$540,000. Real Estate Transfer Taxes are based on the dollar volume of real estate sales transacted during the year, which varies greatly from year to year. The current economy has had a great impact on real estate sales. Revenues earned from this tax in 2004-2006 exceeded \$950,000 each year, while years 2007-2013 averaged \$524,000. 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. Six commercial properties were sold in 2014 resulting in approximately \$137,000 in transfer taxes. On the residential side, the average home sale increased about \$12,000 over the prior year and there were about 38 less sales than the prior year. The actual collection in 2013 was \$433,839 and the 2014 original budget was \$475,000.

Earned Income Tax is levied at 1% for residents and is shared with the Spring-Ford Area School District. 2014 collections were \$4,052,579 about \$302,600 more than budgeted; and about \$204,300 more than that collected in 2013. According to Berkheimer Associates who collects the tax on behalf of the township, EIT collections in 2014 were inflated by prior year collections and due to receiving and processing reciprocals earlier. In keeping with the policy of conservative budgeting, the next year's budget typically approximates the prior year's actual revenues; however 2015 budget will be based on 2013 collections as advised by Berkheimer.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2014

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 2014 exceeded the budgeted amount by about \$85,000 and were approximately \$100,000 more than the 2013 collections. Again, Berkheimer Associates collects the tax on behalf of the township and stated that collections in 2014 were inflated by prior year money.

- **Fees, Licenses and Permits:** This category includes Cable Franchise fees and licenses, fees and permits related to construction. The 2014 original budget was \$842,628, the amended budget was \$901,649 and actual revenues were \$917,981, an increase of \$75,353 from the original budget. The increase is due to a large commercial project coming in late in the 4th quarter, not expected until 2015. In addition, cable franchise fees slightly exceeded the budget.

Expenses

- **General Government:** The General Government category includes Township Administration, Tax Collection, Legal, Engineering, Technology and Facilities Management. Expenses for the General Government category were over budgeted amounts by \$44,358.
- **Public Safety:** The Public Safety category includes Police, Code Enforcement & Fire Safety and Planning & Zoning account groups. This category accounts for 46% of the General Fund budget. Combined expenses in these groups were \$136,054 below the amount budgeted, mostly attributed to the Police Department which saw a savings of \$106,000 or 3% of budget. The majority of the savings were personnel costs related.
- **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. Overall, public works expenditures were about \$86,000 less than the 2014 budget. The scope of the annual internal maintenance program in 2014 was reduced by about \$60,000 due the timing of winter storms.
- **Miscellaneous:** Miscellaneous expenditures include Property and Liability Insurances and Contributions. 2014 expenses of \$243,411 were about \$46,000 less than budgeted amounts. The annual budget includes a contribution to the post retirement reserve of \$50,000 however this is not an expenditure for GAAP purposes, so not reflected in the actual amounts.

SEWER FUND BUDGETARY HIGHLIGHTS

The Sewer Operating Fund provides for the day-to-day operations of the sewer facilities. The sewer system includes two plants, 17 operating pump stations and 103 miles of sewer lines servicing approximately 5,500 customers. Staffing includes seven operators and two administrative personnel.

The Sewer Capital Fund collects the sewer connection fees paid by developers to be used for future capital projects. The connection fees can vary widely from year to year depending on the amount of development activity in the service area.

Together, these funds are reported as the Proprietary Fund.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Operating Revenues

Charges for services total \$4,951,845 as compared to the budget of \$5,359,379. Of this total, sewer rental charges were \$3,655,027 as compared to \$3,772,080 budgeted and the balance is Tapping Fees. \$1,587,299 was budgeted but only \$1,296,819 was realized. Fees for two large projects were received late in the year, but not connected resulting in less rental charges. One project budgeted for \$400,000 in tapping fees did not materialize. There were 33 new sewer connections in 2014.

Operating Expenses

Total operating expenses were \$3,237,810; 49% or \$1,571,181 of the expenses is depreciation expense. The operations of the two plants were approximately \$115,000 under budget due to the reduction in, odor control, sludge removal and reductions in general maintenance.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) include interest and investment revenue and debt interest expense. Interest rates remain at all-time lows; actual interest income approximated the budgeted. These same low interest rates help to reduce the debt interest expense via the 2010 bond issued to refinance older debt with higher rates.

Capital Contributions

There were no sewer lines dedicated in 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's capital assets as of December 31, 2014, were \$64,010,652 (net of accumulated depreciation), an increase of \$3,104,260 from 2013. 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

Sewer System and Utility Plant - The original treatment tanks at King Road, constructed in 1984, were demolished in 2013. These tanks went offline when the King Road Plant was expanded in 2007. Engineering for the Graterford Road Pump Station continued with an expected construction date of early 2015. Upgrades were made to Pump Station #5 in the amount of \$317,000 including 2 new VFD pump speed controllers, new building to house VFD controller and upgrades to existing alarms and power cables into building.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Building and Improvements- Minor renovations to the administrative offices were completed in 2014 at a cost of \$25,600.

Machinery and Equipment

- Replacement vehicles - (3 police; 1 admin.; 1 code)..... \$171,734
- Replacement truck - 1 (public works - tri-axle dump) \$151,838
- GIS software (phase 1)..... \$30,000

Infrastructure - The Township accepted road dedications for two residential developments at a cost of \$2,614,000. Also, the township began construction of a new public works facility resulting in Construction in Progress (CIP) of \$2,181,000. There was no dedication of sewer lines in 2014

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

Long-Term Debt

At December 31, 2014, the Township's long-term debt was \$11,481,000. Of that total, \$7,791,000 or 67% represents sewer debt assumed by the Township in September 2008.

In April 2014, the Township entered in a bank loan in the amount of \$4,000,000. As of December 31, 2014, \$1,880,000 had been drawn toward the construction of a public works facility expected to be completed in early 2015. The remainder of loan will be used for capital projects in the near future.

In January 2015, the Township issued General Obligation Bonds in the amount of \$5,585,000 to advance refund the Township's General Obligation Bond, Series 2010 and pay the issuance costs. Savings from this refinance were approximately \$303,000.

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 18,000 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.

As of December 31, 2014, there were 7,883 connections to the sewer system as compared to 7,850 in 2013.

The Township was notified in November 2014 that Standard and Poor's had raised its rating from an AA+ to AAA. Limerick is one of eight townships in the state with this rating.

LIMERICK TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Next Year's Budget

The growth of the community and the increasing demand for services will again be a high priority in 2015. It is expected that during the year, several new development projects will receive final approvals and look to begin construction. Currently, there are approximately 840 additional housing units proposed within current land development applications. With the 340 units already under construction, a significant population increase will occur for the next several years. It is anticipated that non-residential growth will follow a few years out to address the needs of the new residents in terms of jobs, services, and goods.

The most significant change in personnel contained within the 2015 Budget will occur within the Police Department. Chief Albany has for many years demonstrated the growing demands on his department and the need for more officers. The Board reviewed statistics which show that the officers respond to a higher number of calls than surrounding jurisdictions, and solve a higher percentage of crimes than other departments within the County. All of this is achieved with lower numbers of staffing than comparable municipalities. While no new officers were added to the force in 2014, the Board has shown their commitment to the department when two additional positions were approved in 2013. With the statistics demonstrating the need for more manpower to deal with current day calls for service, the Board again authorized an increase in budget funding so two additional patrol officers can be hired in 2015. This will bring the department up to a total of 25 sworn officers.

Also approved was a new Assistant Manager position for the Sewer Department. Similar to Public Works, the department has accepted many additional miles of sewer infrastructure over the past several years without an increase in manpower. New development projects will add to their job obligations along with the Graterford Road Pump Station which has been noted previously within this report. In addition, increased DEP regulations and testing are being mandated and this trend is expected to continue based on regulations being proposed by the General Assembly in Harrisburg. Staffing has stayed the same since 2009 and this position will be management level with the ability to assist with the normal operations.

As reported above, the shift away from third-party inspectors began in earnest in 2014. The program will continue in 2015 with the hiring of a Director of Code Services and adding another Building Code Inspector. The need for a new Director of Code Services position is primarily due to changes of job duties for the Director of Fire Safety, who had been overseeing this department. However, increasing job responsibilities pertaining to the fire companies, Fire Marshal duties, and emergency management were becoming too great for a single department head. The Board has also indicated their desire to institute a long range capital funding plan for the fire companies and wish to place this responsibility under the direction of the Director of Fire Safety. With these added job duties, it became apparent that a separation from the code department would be the best course of action. With this recommendation, the Board agreed to the new staffing structure and approved a change in title for the Director of Fire Safety who will now be called the Director of Emergency Management.

The fire department capital funding plan will be under the umbrella of the newly formed Emergency Management Department will need to fulfill many objectives. For years the Township has heard from both fire companies that they are struggling under the increased training demands and cost of equipment. Training and other modern day life constraints are limiting their ability to do fund raising activities which is an important revenue stream for any volunteer organization. The cost of equipment also rises and without a viable funding option for equipment and needed facility upgrades, the fire service could be negatively harmed in the near future if a plan is not put in place.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2014

From the Township's perspective, the desire to keep in place a volunteer fire service is great because of the savings it provides the community. The Board has offered their support to a funding stream, but before doing so, wants to establish protocols to ensure that fire service is viewed from a township-wide stand point and not from an individual fire company view point. The Board believes this will maximize efficiencies and cost savings for the tax payers within the Limerick community.

In addition to the capital needs of the fire companies, the Board has also instructed the Administration to continue with feasibility planning to determine facility needs for the police, parks department, and the administrative offices. The Police Department feasibility study completed in 2014 will be incorporated into this new review which will determine the cost to renovate and/or expand the current facility along Ridge Pike. Similar to the goals of the new Public Works facility, the new proposals will be geared toward a 30-year life cycle.

These are the major proposals planned for 2015 and the following is a recap of other programs and objectives which are equally as important:

- The second phase of the Township-wide GIS program will put in place the modules for the Sewer and Code departments. The funding has been authorized within the current year budget and it is anticipated the second phase will get underway in the second quarter of the year.
- The Board's commitment to the infrastructure needs of the community will continue as the improvement project for the intersection of West Cherry Lane and Limerick Center Road moves into the final design, permitting and right-of-way stage. This intersection has long been under our eye because of the unique existing conditions and increased volume of traffic within this section of the Township. While the overall projected cost of approximately \$600,000 to \$700,000 is not overly significant as compared to other roadway projects, it will provide several benefits when completed. First, safety upgrades will be put in place for the motoring public and secondly, sidewalk installations will link to the trail construction grant projects noted earlier in this report.
- Annual Public Works roadway projects for the existing road network will total approximately \$538,000. This will include a paving overlay for several roads which were part of the Hilltop public water project. The oil and chip program, a low cost maintenance coating which continuously provides long-term benefits in extending the life cycle of paved roads, will continue in 2015.
- Public Works will also undertake the final site details in and around the new building. Our crew will install the driveways, paving, final grading, sidewalks, and plantings proposed for the facility. By keeping these projects in-house, the Township will again realize significant savings because public bidding will not be required.
- While significant capital upgrades to the sewer treatment system have not been needed for the past several years, the age of several existing pump stations must be addressed. Pump Station #3 located on South Limerick Road dates back to 1984 and the majority of the controls and equipment have not been replaced. In addition, the station continuously operates at maximum capacity and is noted within DEP reports that this issue must be addressed. This pump station will also be the direct route for new sewer flows resulting from anticipated development. For these reasons, the Board has authorized \$500,000 to design, bid, and upgrade this pump station.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2014

- Also in need of upgrade is Pump Station #6 located within the Limerick Crossing Shopping Center near Route 422. This is the most important pump within the entire King Road treatment area of the Township because it collects all flows and sends directly to the treatment plant. Based on the growth of the community over the past several years, this station also operates at maximum capacity. During periods of heavy rain, the station at times operates in a critical overload. While we have never experienced a significant overflow, it is time to address the issue based on the potential growth within the current land development applications. The Board also authorized a budget line item of \$1.5 million dollars to design, bid, and upgrade this pump station in 2015.
- Both pump station upgrades will be paid from EDU fees received by the Township from over the past several years. The four new housing developments also contributed close to \$2 million in EDU fees, so a negative impact on sewer reserve funds will not occur with these pump station upgrades.
- The Board also recognized the demands on the Park and Recreation staff as their programs become more popular and additional residents move in looking for programs and services. A part time position was approved in 2015 and will assist with programming and the Summer Camp Program which continues to be the largest revenue source for the department. With this added position, the recreation staff will also be charged with assisting the Manager with public relations. This will include an upgrade to the Township's website budgeted at \$10,000 in 2015.
- Also new to the 2015 Budget will be the purchase of in-car video systems in an added effort to further protect the Police Officers. The Township's insurance company is desirous of this system because it will help to document activities and hopefully assist in reducing frivolous lawsuits.
- Lastly, the purchase of four new AED units for the police cars and Township facilities was approved. The existing units have aged and replacement parts are not readily available. While the budget does denote this line item of \$4,000 for the purchase, the John Middleton Organization stepped forth at the end of 2014 with a donation to cover these costs. During a budget amendment in 2015, these budgeted funds will be transferred to another line item used to purchase additional in-car video systems.

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, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 8,747,744	\$ 5,939,003	\$ 14,686,747
Investments	5,487,892	-	5,487,892
Receivables, taxes and other	1,287,270	929,245	2,216,515
Prepaid expenses and other assets	4,278	3,963	8,241
Capital assets, at cost			
Land and improvements	5,372,818	1,048,383	6,421,201
Buildings and building improvements	4,940,878	57,550,789	62,491,667
Machinery and equipment	3,252,425	399,691	3,652,116
Infrastructure	20,015,119	-	20,015,119
Construction in progress	2,181,136	165,811	2,346,947
Accumulated depreciation	<u>(7,769,428)</u>	<u>(23,146,970)</u>	<u>(30,916,398)</u>
TOTAL ASSETS	<u>43,520,132</u>	<u>42,889,915</u>	<u>86,410,047</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding, net	<u>-</u>	<u>65,475</u>	<u>65,475</u>
LIABILITIES			
Accounts payable	751,232	78,184	829,416
Other payables	6,686	-	6,686
Accrued expenses	-	6,277	6,277
Accrued interest	2,986	11,066	14,052
Developer escrows and deposits	-	8,251	8,251
Unearned revenue	757,256	-	757,256
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	140,000	550,000	690,000
Portion due or payable after one year			
Bonds and notes payable, net of unamortized premium	3,585,630	7,246,250	10,831,880
Net OPEB obligation	1,200,402	-	1,200,402
Compensated absences	110,885	-	110,885
TOTAL LIABILITIES	<u>6,555,077</u>	<u>7,900,028</u>	<u>14,455,105</u>
NET POSITION			
Net investment in capital assets	24,267,318	28,221,454	52,488,772
Restricted	388,436	-	388,436
Unrestricted	<u>12,309,301</u>	<u>6,833,908</u>	<u>19,143,209</u>
TOTAL NET POSITION	<u>\$ 36,965,055</u>	<u>\$ 35,055,362</u>	<u>\$ 72,020,417</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,626,583	\$ -	\$ -	\$ -
Public safety	5,484,902	34,400	360,992	-
Public works	2,591,901	1,014,393	685,304	50,200
Culture and recreation	1,036,211	281,532	-	-
Conservation and development	162,262	-	128,726	-
Miscellaneous	259,449	-	-	-
Debt service	76,922	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	11,238,230	1,330,325	1,175,022	50,200
BUSINESS-TYPE ACTIVITIES				
Sewer Fund	3,434,859	4,951,845	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 14,673,089	\$ 6,282,170	\$ 1,175,022	\$ 50,200

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
 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>	
\$ (1,626,583)	\$ -	\$ (1,626,583)
(5,089,510)	-	(5,089,510)
(842,004)	-	(842,004)
(754,679)	-	(754,679)
(33,536)	-	(33,536)
(259,449)	-	(259,449)
(76,922)	-	(76,922)
<u>(8,682,683)</u>	-	<u>(8,682,683)</u>
<u>-</u>	<u>1,516,986</u>	<u>1,516,986</u>
<u>(8,682,683)</u>	<u>1,516,986</u>	<u>(7,165,697)</u>
2,392,880	-	2,392,880
4,052,579	-	4,052,579
468,135	-	468,135
560,143	-	560,143
561,495	-	561,495
39,833	17,311	57,144
57,875	-	57,875
2,614,872	-	2,614,872
480,796	38,781	519,577
<u>11,228,608</u>	<u>56,092</u>	<u>11,284,700</u>
<u>600,000</u>	<u>(600,000)</u>	<u>-</u>
3,145,925	973,078	4,119,003
<u>33,819,130</u>	<u>34,082,284</u>	<u>67,901,414</u>
<u>\$ 36,965,055</u>	<u>\$ 35,055,362</u>	<u>\$ 72,020,417</u>

LIMERICK TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,652,696	\$ 1,025,599
Investments	3,486,162	373,006
Receivables, taxes and other	1,277,053	-
Prepaid expenses	<u>2,916</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,418,827</u>	<u>\$ 1,398,605</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 488,581	\$ 176,139
Other payables	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>488,581</u>	<u>176,139</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	<u>845,669</u>	<u>-</u>
FUND BALANCES		
Nonspendable, prepaid expenses	2,916	-
Restricted for		
Road and street improvements	-	-
CDBG grants	-	-
Water hydrant maintenance	-	-
Debt service	-	-
Fire protection	-	-
Committed		
Post retirement health reserve	200,000	-
Canine fund	29,000	-
Assigned to		
Capital projects	1,000,000	1,222,466
Capital equipment	1,000,000	-
Road improvements	-	-
Recreation activities	-	-
Future road improvements	1,000,000	-
Unassigned	<u>5,852,661</u>	<u>-</u>
TOTAL FUND BALANCES	<u>9,084,577</u>	<u>1,222,466</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,418,827</u>	<u>\$ 1,398,605</u>

See accompanying notes to the basic financial statements.

<u>Road Improvement Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 680,218	\$ 942,651	\$ 446,580	\$ 8,747,744
1,628,724	-	-	5,487,892
-	1,185	9,032	1,287,270
-	1,362	-	4,278
<u>\$ 2,308,942</u>	<u>\$ 945,198</u>	<u>\$ 455,612</u>	<u>\$ 15,527,184</u>
\$ 12,915	\$ 13,107	\$ 60,490	\$ 751,232
-	-	6,686	6,686
<u>12,915</u>	<u>13,107</u>	<u>67,176</u>	<u>757,918</u>
-	-	-	845,669
-	-	-	2,916
-	-	172,324	172,324
-	-	(37,626)	(37,626)
-	-	5,163	5,163
-	-	248,291	248,291
-	-	284	284
-	-	-	200,000
-	-	-	29,000
-	-	-	2,222,466
-	-	-	1,000,000
2,296,027	-	-	2,296,027
-	932,091	-	932,091
-	-	-	1,000,000
-	-	-	5,852,661
<u>2,296,027</u>	<u>932,091</u>	<u>388,436</u>	<u>13,923,597</u>
<u>\$ 2,308,942</u>	<u>\$ 945,198</u>	<u>\$ 455,612</u>	<u>\$ 15,527,184</u>

LIMERICK TOWNSHIP

**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 13,923,597

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	5,372,818
Construction in progress	2,181,136
Buildings and building improvements	4,940,878
Machinery and equipment	3,252,425
Infrastructure	20,015,119
Accumulated depreciation	(7,769,428)

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

Accrued interest	(2,986)
Bonds and notes payable	(3,725,630)
Net OPEB obligation	(1,200,402)
Compensated absences	(110,885)

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.

88,413

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 36,965,055

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, 2014

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
REVENUES		
Taxes	\$ 7,186,999	\$ -
Fees, licenses and permits	917,981	-
Interest and rents	27,118	7,631
Intergovernmental revenues	427,607	-
Fines, forfeits and costs	57,875	-
Program revenues	-	-
Other	158,801	-
	<u>8,776,381</u>	<u>7,631</u>
TOTAL REVENUES		
	<u>8,776,381</u>	<u>7,631</u>
EXPENDITURES		
General government	1,516,091	-
Public safety	4,348,783	-
Public works	1,695,152	-
Culture and recreation	-	-
Conservation and development	-	-
Miscellaneous	243,411	-
Debt service	-	-
Capital projects	-	2,577,780
	<u>7,803,437</u>	<u>2,577,780</u>
TOTAL EXPENDITURES		
	<u>7,803,437</u>	<u>2,577,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>972,944</u>	<u>(2,570,149)</u>
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	-	10,497
Proceeds from long-term debt	-	-
Operating transfers in	600,000	2,225,418
Operating transfers out	(850,581)	-
	<u>(250,581)</u>	<u>2,235,915</u>
TOTAL OTHER FINANCING SOURCES (USES)		
	<u>(250,581)</u>	<u>2,235,915</u>
NET CHANGE IN FUND BALANCES	722,363	(334,234)
FUND BALANCES AT BEGINNING OF YEAR	<u>8,362,214</u>	<u>1,556,700</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,084,577</u>	<u>\$ 1,222,466</u>

See accompanying notes to the basic financial statements.

Road Improvement Fund	Recreation Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 98,491	\$ 753,072	\$ 8,038,562
130,812	4,402	-	1,053,195
-	3,741	1,343	39,833
-	-	747,415	1,175,022
-	-	-	57,875
-	277,130	-	277,130
359,598	25	2,075	520,499
<u>490,410</u>	<u>383,789</u>	<u>1,503,905</u>	<u>11,162,116</u>
-	676	9,769	1,526,536
-	-	724,038	5,072,821
106,121	-	436,106	2,237,379
-	763,875	-	763,875
-	-	162,262	162,262
-	-	16,038	259,449
-	-	212,903	212,903
-	-	-	2,577,780
<u>106,121</u>	<u>764,551</u>	<u>1,561,116</u>	<u>12,813,005</u>
<u>384,289</u>	<u>(380,762)</u>	<u>(57,211)</u>	<u>(1,650,889)</u>
-	-	-	10,497
-	-	1,880,000	1,880,000
-	385,165	119,998	3,330,581
-	-	(1,880,000)	(2,730,581)
-	<u>385,165</u>	<u>119,998</u>	<u>2,490,497</u>
384,289	4,403	62,787	839,608
<u>1,911,738</u>	<u>927,688</u>	<u>325,649</u>	<u>13,083,989</u>
<u>\$ 2,296,027</u>	<u>\$ 932,091</u>	<u>\$ 388,436</u>	<u>\$ 13,923,597</u>

LIMERICK TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 839,608
<p>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 exceeds capital outlays in the period.</p>	1,666,974
<p>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.</p>	2,614,872
<p>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.</p>	(3,330)
<p>In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave)--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).</p>	(228,180)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to Governmental Funds, but the issuance increases long-term liability in the statement of net position.</p>	(1,880,000)
<p>Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	<u>135,981</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,145,925</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2014

	<u>Sewer Fund</u>
ASSETS	
Cash and cash equivalents	\$ 5,939,003
Accounts receivable, net of allowance of \$54,000	929,245
Other assets	<u>3,963</u>
TOTAL CURRENT ASSETS	6,872,211
PROPERTY AND EQUIPMENT, net	<u>36,017,704</u>
TOTAL ASSETS	<u>42,889,915</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net	<u>65,475</u>
CURRENT LIABILITIES	
Accounts payable	78,184
Accrued salaries and benefits	6,277
Accrued interest	11,066
Developer escrows and deposits	8,251
Bonds and notes payable	<u>550,000</u>
TOTAL CURRENT LIABILITIES	653,778
NONCURRENT LIABILITIES	
Bonds and notes payable	<u>7,246,250</u>
TOTAL LIABILITIES	<u>7,900,028</u>
NET POSITION	
Net investment in capital assets	28,221,454
Unrestricted	<u>6,833,908</u>
TOTAL NET POSITION	<u>\$ 35,055,362</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, 2014

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ <u>4,951,845</u>
OPERATING EXPENSES	
King Road Plant	582,420
Possum Hollow Plant	145,475
General and administrative	158,293
General operating	705,375
Contractual and professional services	75,066
Depreciation	1,571,181
TOTAL OPERATING EXPENSES	<u>3,237,810</u>
OPERATING INCOME	<u>1,714,035</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	17,311
Miscellaneous	38,781
Interest expense	<u>(197,049)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(140,957)</u>
INCOME BEFORE TRANSFERS	1,573,078
TRANSFERS	
Transfers out	<u>(600,000)</u>
CHANGE IN NET POSITION	973,078
NET POSITION AT BEGINNING OF YEAR	<u>34,082,284</u>
NET POSITION AT END OF YEAR	<u>\$ <u>35,055,362</u></u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,960,121
Cash payments to suppliers for goods and services	(880,624)
Cash payments to employees for services	(785,088)
Other operating cash receipts	38,781
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,333,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of property and equipment	(393,595)
Principal paid on revenue bonds	(900,000)
Interest paid on revenue bonds	(193,798)
Transfers to other funds	(600,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,087,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>17,311</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,263,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,675,895</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,939,003</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,714,035
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,571,181
Miscellaneous income	38,781
Decrease in accounts receivable	8,276
Increase in accounts payable and accrued expenses	917
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,333,190</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash, restricted	\$ 109,606	\$ 286,527
Investments, restricted	<u>7,528,781</u>	<u>100,757</u>
TOTAL ASSETS	<u>7,638,387</u>	<u>\$ 387,284</u>
LIABILITIES		
Accounts payable	30	\$ -
Developers' escrow	<u>-</u>	<u>387,284</u>
TOTAL LIABILITIES	<u>30</u>	<u>\$ 387,284</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 7,638,357</u>	

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 205,756
Employee	21,729
State allocation	<u>255,597</u>
TOTAL CONTRIBUTIONS	<u>483,082</u>
Income from investments	
Net appreciation in fair value of investments	156,837
Net investment income	<u>225,308</u>
TOTAL INCOME FROM INVESTMENTS	<u>382,145</u>
Investment expense	<u>(41,709)</u>
INVESTMENT INCOME, net	<u>340,436</u>
TOTAL ADDITIONS	823,518
DEDUCTIONS	
Benefits	<u>120,689</u>
CHANGE IN NET POSITION	702,829
NET POSITION AT BEGINNING OF YEAR	<u>6,935,528</u>
NET POSITION AT END OF YEAR	<u>\$ 7,638,357</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

- Two fire departments receive a contribution from the Township. However, the majority of revenues generated are through private fund-raisers under the direction of a separate independent board not appointed by the Supervisors. The departments are organized under a separate charter and, therefore, are not included in the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following major Governmental Funds:

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

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Estate Tax

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

Transfers

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

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.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

The government and external investment pools operate in accordance with appropriate state laws and regulations.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 street lights prior to 2002.

Compensated Absences

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

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, 2014

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 only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and Proprietary Fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, 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.

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.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

Change of Accounting Principles

During the year ended December 31, 2014, Limerick Township adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*.

Pending Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement revises and establishes reporting requirements for most governments that provide their employees with pension benefits. The provisions of GASB Statement 68 are effective for the Township's December 31, 2015 financial statements.

The effect of implementation of this statement has not yet been determined.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 for interest-bearing accounts and an unlimited amount for noninterest-bearing accounts. As of December 31, 2014, \$18,885,786 of the Township's bank balance of \$20,102,880 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 \$ 18,885,786

Investments

As of December 31, 2014, the Township had the following investments:

<u>Investment Type</u>	<u>Investment Maturities</u>		<u>Fair Value</u>
	<u>Less Than One Year</u>	<u>1 to 5 Years</u>	
U. S. Government notes	\$ -	\$ 2,299,376	\$ 2,299,376
U. S. Government notes, agency	572,499	1,769,003	2,341,502
Certificate of deposit	847,014	-	847,014
	<u>\$ 1,419,513</u>	<u>\$ 4,068,379</u>	<u>\$ 5,487,892</u>

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.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

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 Funds are comprised of the following:

	<u>Police Pension Plan</u>		<u>Non-Uniform Pension Plan</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash funds	\$ 72,969	\$ 72,969	\$ 36,637	\$ 36,637
Common stocks	515,060	531,699	294,658	304,419
Mutual funds/ETF's	4,281,754	4,241,972	2,473,895	2,450,691
	<u>\$ 4,869,783</u>	<u>\$ 4,846,640</u>	<u>\$ 2,805,190</u>	<u>\$ 2,791,747</u>

Agency Funds

Agency Funds are comprised of the following:

<u>Investment Type</u>	<u>Investment Maturities</u>		<u>Fair Value</u>
	<u>Less Than One Year</u>	<u>1 to 5 Years</u>	
U. S. Government notes	\$ 5,041	\$ 50,558	\$ 55,599
U. S. Government notes, agency	10,064	35,094	45,158
	<u>\$ 15,105</u>	<u>\$ 85,652</u>	<u>\$ 100,757</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE C - RECEIVABLES

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

GOVERNMENTAL FUNDS	
General Fund	\$ 1,277,053
Recreation Fund	1,185
Water Hydrant Fund	883
Fire Protection Fund	5,633
Debt Service Fund	<u>2,516</u>
	<u>\$ 1,287,270</u>

Proprietary Fund receivables consist of sewer rents of \$929,245 at December 31, 2014.

NOTE D - INTERFUND TRANSFERS

Interfund transfers were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 600,000	\$ 850,581
Capital Reserve Fund	345,418	-
Debt Service Fund	100,000	-
Recreation Fund	385,165	-
Fire Protection Fund	19,998	-
Sewer Fund	<u>-</u>	<u>600,000</u>
	<u>\$ 1,450,581</u>	<u>\$ 1,450,581</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014, was as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 5,372,818	\$ -	\$ -	\$ 5,372,818
Construction in progress	-	2,181,136	-	2,181,136
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	5,372,818	2,181,136	-	7,553,954
Capital assets being depreciated				
Buildings and building improvements	4,915,287	25,591	-	4,940,878
Machinery and equipment	2,910,881	368,032	(26,488)	3,252,425
Infrastructure	17,400,247	2,614,872	-	20,015,119
TOTAL CAPITAL ASSETS BEING DEPRECIATED	25,226,415	3,008,495	(26,488)	28,208,422
Accumulated depreciation				
Buildings and building improvements	(2,049,873)	(134,290)	-	(2,184,163)
Machinery and equipment	(1,896,336)	(262,868)	26,488	(2,132,716)
Infrastructure	(2,941,922)	(510,627)	-	(3,452,549)
TOTAL ACCUMULATED DEPRECIATION	(6,888,131)	(907,785)	26,488	(7,769,428)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	18,338,284	2,100,710	-	20,438,994
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 23,711,102	\$ 4,281,846	\$ -	\$ 27,992,948

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 99,856
Police, health and public safety	181,557
Public works	354,036
Culture and recreation	272,336
	<u>907,785</u>
	<u>\$ 907,785</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE E - CAPITAL ASSETS (Continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and rights-of-way	\$ 1,048,383	\$ -	\$ -	\$ 1,048,383
Construction in progress	113,454	101,955	(49,598)	165,811
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,161,837</u>	<u>101,955</u>	<u>(49,598)</u>	<u>1,214,194</u>
Capital assets being depreciated				
Sewer system and utility plant	57,233,745	317,044	-	57,550,789
Plant equipment	173,349	24,194	-	197,543
Office furniture and equipment	16,233	-	-	16,233
Transportation equipment	185,915	-	-	185,915
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>57,609,242</u>	<u>341,238</u>	<u>-</u>	<u>57,950,480</u>
Accumulated depreciation				
Sewer system and utility plant	(21,385,702)	(1,539,643)	-	(22,925,345)
Plant equipment	(72,441)	(18,232)	-	(90,673)
Office furniture and equipment	(11,035)	(68)	-	(11,103)
Transportation equipment	(106,611)	(13,238)	-	(119,849)
TOTAL ACCUMULATED DEPRECIATION	<u>(21,575,789)</u>	<u>(1,571,181)</u>	<u>-</u>	<u>(23,146,970)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>36,033,453</u>	<u>(1,229,943)</u>	<u>-</u>	<u>34,803,510</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 37,195,290</u>	 <u>\$ (1,127,988)</u>	 <u>\$ (49,598)</u>	 <u>\$ 36,017,704</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE F - LONG-TERM DEBT

Bonds and notes payable are comprised of the following individual issues:

Guaranteed Sewer Revenue Note, Series A of 2001, initial issue of \$4,594,000, with interest at 4.06% through 2015	\$ 80,000
Guaranteed Sewer Revenue Note, Series B of 2001, initial issue of \$9,876,000, with a variable interest rate (maximum of 15.00%), maturing in various amounts through 2026	3,701,000
General Obligation Bonds, Series of 2010, initial issue of \$8,325,000, with a variable interest rate (maximum of 4%), maturing in various amounts through 2025	5,820,000
General Obligation Note, Series of 2014, borrowing up to a maximum of \$4,000,000, with drawdowns of \$1,880,000 as of December 31, 2014, with a variable interest rate (maximum of 4.99%), maturing in various amounts through 2036	<u>1,880,000</u>
	<u>\$ 11,481,000</u>

The annual requirements to amortize all debt outstanding as of December 31, 2014, including interest payments, are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 140,000	\$ 98,840	\$ 550,000	\$ 183,263
2016	227,250	93,969	540,000	161,815
2017	232,250	87,767	565,000	143,640
2018	239,600	81,477	595,000	126,390
2019	246,950	74,592	625,000	108,619
2020 to 2024	1,279,800	372,086	3,578,000	244,428
2025 to 2029	620,650	239,644	1,313,000	17,162
2030 to 2034	502,900	120,783	-	-
2035 to 2036	225,600	11,375	-	-
	<u>\$ 3,715,000</u>	<u>\$ 1,180,533</u>	<u>\$ 7,766,000</u>	<u>\$ 985,317</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE G - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2014, the following changes in long-term liabilities occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds					
Series of 2010	\$ 1,970,000	\$ -	\$ (135,000)	\$ 1,835,000	\$ 140,000
General Obligation Notes					
Series of 2014	-	1,880,000	-	1,880,000	-
Net OPEB obligation	978,439	221,963	-	1,200,402	-
Compensated absences	104,668	6,217	-	110,885	-
	<u>3,053,107</u>	<u>2,108,180</u>	<u>(135,000)</u>	<u>5,026,287</u>	<u>140,000</u>
Premiums					
Issuance premium					
Series of 2010	11,611	-	(981)	10,630	-
	<u>11,611</u>	<u>-</u>	<u>(981)</u>	<u>10,630</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 3,064,718</u>	<u>\$ 2,108,180</u>	<u>\$ (135,981)</u>	<u>\$ 5,036,917</u>	<u>\$ 140,000</u>
BUSINESS-TYPE ACTIVITIES					
Guaranteed Sewer Revenue					
Bonds					
Series A of 2001	\$ 540,000	\$ -	\$ (460,000)	\$ 80,000	\$ 80,000
Series B of 2001	3,701,000	-	-	3,701,000	-
General Obligation Bonds					
Series of 2010	4,425,000	-	(440,000)	3,985,000	470,000
	<u>8,666,000</u>	<u>-</u>	<u>(900,000)</u>	<u>7,766,000</u>	<u>550,000</u>
Premiums					
Issuance premium					
Series of 2010	33,043	-	(2,793)	30,250	-
	<u>33,043</u>	<u>-</u>	<u>(2,793)</u>	<u>30,250</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 8,699,043</u>	<u>\$ -</u>	<u>\$ (902,793)</u>	<u>\$ 7,796,250</u>	<u>\$ 550,000</u>

For variable rate debt, the interest rate of 0.9529% in effect at December 31, 2014, was utilized to calculate the annual debt service requirements through maturity.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Summary of Significant Accounting Policies

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

Plan Description

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

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

Plan Membership - At December 31, 2014, 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	-
Active plan members	<u>23</u>
	<u>27</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, 2014

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

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$327,874 to the plan for the year 2014. The Township's actual contributions for the plan year 2014 were \$327,874.

Per the collective bargaining agreement, employees are required to contribute 1% 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, 2014

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

The following was the Board's adopted asset allocation policy as of December 31, 2014:

<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 - More than 5% of the Township's investments are in mutual funds. These investments are 87% of the plan's total investments.

Rate of Return - For the year ended December 31, 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.82%. 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, 2014, were as follows:

Total pension liability	\$ 5,721,202
Plan fiduciary net position	<u>(4,843,640)</u>
NET PENSION LIABILITY	<u>\$ 877,562</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>84.66%</u>
--	---------------

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5% annual increase, including inflation
Investment rate of return	8%

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2014 (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	8.0%
Growth	8.0%
Small-mid cap	
Value	8.0%
Growth	8.0%
International equity management	8.0%
Exchange traded funds	8.0%
Fixed income management	8.0%
Real estate	8.0%
Commodities	8.0%

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, 2014

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

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 8%, 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 (7%) or one percentage point higher (9%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	\$ <u>1,770,143</u>	\$ <u>877,562</u>	\$ <u>140,520</u>

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.

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, 2014, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>20</u>
	<u>38</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.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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 \$133,479 to the plan for the year 2014. The Township's actual contributions for the plan year 2014 were \$133,479.

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, 2014:

<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 - More than 5% of the Township's investments are in mutual funds and common stock. These investments are 89% and 11% of the plan's total investments respectively.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Rate of Return - For the year ended December 31, 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.58%. 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, 2014, were as follows:

Total pension liability	\$ 2,949,446
Plan fiduciary net position	<u>(2,794,717)</u>
NET PENSION LIABILITY	<u>\$ 154,729</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>94.75%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5% annual increase, including inflation
Investment rate of return	8%

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN) (Continued)

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, 2014 (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	8.0%
Growth	8.0%
Small-mid cap	
Value	8.0%
Growth	8.0%
International equity management	8.0%
Exchange traded funds	8.0%
Fixed income management	8.0%
Real estate	8.0%
Commodities	8.0%

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.

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 8%, 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 (7%) or one percentage point higher (9%) than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Net pension liability	\$ <u>575,061</u>	\$ <u>154,729</u>	\$ <u>(199,971)</u>

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE J - OTHER PENSION PLANS

Defined Contribution Plan

The Township also provides a defined contribution plan to substantially all former Authority employees and any non-uniform employee hired on or after January 1, 2009. Pension expense for the year ended December 31, 2014, was \$90,553.

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The contributions are invested with an outside agent. Participants may borrow on their accounts.

NOTE K - ESCROW CASH DEPOSITS AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2014, \$387,284 represents the net balance due to developers.

NOTE L - CONTINGENCIES

Contingent Liabilities

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

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE M - DERIVATIVE FINANCIAL INSTRUMENTS

The Township financed the Guaranteed Sewer Revenue Bonds, Series A of 2001 and Series B of 2001, through the Delaware Valley Regional Finance Authority (DeVal). DeVal has, in turn, entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These agreements may be terminated under the following circumstances: (1) DeVal and the counterparty mutually consent to termination, (2) the borrower defaults on its loan, or (3) DeVal or the counterparty default or their financial conditions deteriorate to make a default imminent. Upon termination, DeVal would receive or make a payment depending on the market value of the related interest rate swap. If DeVal was obligated to make such a payment and sufficient funds were not available, DeVal could assess each borrower its allocable share of the termination payment.

At December 31, 2014, the market value of the Township's interest rate swap agreements for fixed rate loans was \$1,546 and for DeVal bonds was \$308,876. As of December 31, 2014, DeVal would have received a payment of nearly \$159 million if all of the swap agreements were terminated. None of these amounts are reflected in the Township's statements of net position or activities at December 31, 2014.

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 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - POLICE

Plan Description

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

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through union contracts 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.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township's net OPEB obligation to the plan:

Normal cost	\$ 93,467
Interest on normal cost	8,537
Amortization of unfunded actuarial accrued liability	119,959
ANNUAL REQUIRED CONTRIBUTION (ARC)	<u>221,963</u>
Net OPEB contributions during the year	-
INCREASE IN NET OPEB OBLIGATION	<u>221,963</u>
Net OPEB obligation at beginning of year	<u>978,439</u>
NET OPEB OBLIGATION AT END OF YEAR	<u><u>\$ 1,200,402</u></u>

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 221,963	0%	\$ 756,476
2013	221,963	0%	978,439
2014	221,963	0%	1,200,402

2009 was the year of implementation of GASB Statement No. 45, and the Township has elected to implement prospectively.

LIMERICK TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$1,813,647 and the actuarial value of assets was \$0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,877,020, and the ratio of the UAAL to the covered payroll was 96.6%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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

In the January 1, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after three years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 27 years.

NOTE P - SUBSEQUENT EVENTS

In January 2015, the Township issued General Obligation Bonds, Series of 2015, for \$5,585,000 for the purpose of currently refunding the General Obligation Bonds, Series of 2010.

REQUIRED SUPPLEMENTARY INFORMATION

LIMERICK TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 6,385,000	\$ 6,803,341	\$ 7,186,999	\$ 383,658
Fees, licenses and permits	842,628	901,649	917,981	16,332
Interest and rents	36,000	25,000	27,118	2,118
Intergovernmental revenues	424,883	430,443	427,607	(2,836)
Fines, forfeits and costs	59,500	59,000	57,875	(1,125)
Other	99,919	145,983	158,801	12,818
TOTAL REVENUES	7,847,930	8,365,416	8,776,381	410,965
EXPENDITURES				
General government	1,371,823	1,471,733	1,516,091	(44,358)
Public safety	4,462,119	4,484,837	4,348,783	136,054
Public works	1,724,494	1,780,947	1,695,152	85,795
Miscellaneous	300,463	289,158	243,411	45,747
TOTAL EXPENDITURES	7,858,899	8,026,675	7,803,437	223,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,969)	338,741	972,944	634,203
OTHER FINANCING SOURCES (USES)				
Operating transfers in	600,000	600,000	600,000	-
Operating transfers out	(603,854)	(938,741)	(850,581)	88,160
TOTAL OTHER FINANCING SOURCES (USES)	(3,854)	(338,741)	(250,581)	88,160
NET CHANGE IN FUND BALANCE	(14,823)	-	722,363	722,363
FUND BALANCE AT BEGINNING OF YEAR	8,362,214	8,362,214	8,362,214	-
FUND BALANCE AT END OF YEAR	\$ 8,347,391	\$ 8,362,214	\$ 9,084,577	\$ 722,363

See accompanying note to the budgetary comparison schedule.

LIMERICK TOWNSHIP
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2014

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.

LIMERICK TOWNSHIP**SCHEDULE OF CHANGES IN THE NET POLICE PENSION
PLAN LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2014**

TOTAL PENSION LIABILITY	
Service cost	\$ 236,746
Interest	408,015
Differences between expected and actual experience	7,390
Benefit payments	<u>(67,939)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	584,212
Total pension liability, beginning	<u>5,136,990</u>
TOTAL PENSION LIABILITY, ENDING (a)	\$ <u>5,721,202</u>
PLAN FIDUCIARY NET POSITION	
Contributions-employer	\$ 327,874
Contributions-member	21,729
Net investment income	215,890
Benefit payments, including refunds of member contributions	<u>(67,939)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	497,554
Plan fiduciary net position, beginning	<u>4,346,086</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ <u>4,843,640</u>
NET PENSION LIABILITY ENDING (a)-(b)	\$ <u>877,562</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>85%</u>
COVERED-EMPLOYEE PAYROLL	\$ <u>2,259,199</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	<u>39%</u>

LIMERICK TOWNSHIP
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2014

ACTUARIALLY DETERMINED CONTRIBUTION	\$ 327,874
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>327,874</u>
CONTRIBUTION EXCESS (DEFICIENCY)	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,259,199</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>15%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2013

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	Market value
Inflation	3% Moderate inflation based on long-term historical average rates is a component of the actuarial assumptions
Salary increases	5% average annual increase, including inflation
Investment rate of return	7%
Retirement age	Active members are assumed to retire at age 52 and completion of 27 years of service or age on valuation date, if greater. Vested former members are assumed to retire at normal retirement age, or age on valuation date, if greater.
Mortality	Assumed life expectancies are based on the RP-2000 Healthy Annuitant Mortality Table

LIMERICK TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
YEAR ENDED DECEMBER 31, 2014

ANNUAL MONEY-WEIGHTED RATE OF RETURN,
NET OF INVESTMENT EXPENSE

5.82%

LIMERICK TOWNSHIP**SCHEDULE OF CHANGES IN THE NET NON-UNIFORM
PENSION PLAN LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2014**

TOTAL PENSION LIABILITY	
Service cost	\$ 98,606
Interest	215,189
Differences between expected and actual experience	(30,030)
Benefit payments	<u>(52,750)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	231,015
Total pension liability, beginning	<u>2,718,431</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 2,949,446</u>
PLAN FIDUCIARY NET POSITION	
Contributions, employer	\$ 133,479
Net investment income	124,546
Benefit payments, including refunds of member contributions	<u>(52,750)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	205,275
Plan fiduciary net position, beginning	<u>2,589,442</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 2,794,717</u>
NET PENSION LIABILITY ENDING (a)-(b)	<u>\$ 154,729</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>95%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 1,326,883</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	<u>12%</u>

LIMERICK TOWNSHIP
SCHEDULE OF NON-UNIFORM PENSION PLAN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2014

ACTUARIALLY DETERMINED CONTRIBUTION	\$ 327,874
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>327,874</u>
CONTRIBUTION EXCESS (DEFICIENCY)	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,259,199</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>15%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2013

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	Market value
Inflation	3% Moderate inflation based on long-term historical average rates is a component of the actuarial assumptions
Salary increases	5% average annual increase, including inflation
Investment rate of return	7%
Retirement age	Active members are assumed to retire at age 52 and completion of 27 years of service or age on valuation date, if greater. Vested former members are assumed to retire at normal retirement age, or age on valuation date, if greater.
Mortality	Assumed life expectancies are based on the RP-2000 Healthy Annuitant Mortality Table

LIMERICK TOWNSHIP
SCHEDULE OF NON-UNIFORM PENSION PLAN
INVESTMENT RETURNS
YEAR ENDED DECEMBER 31, 2014

ANNUAL MONEY-WEIGHTED RATE OF RETURN,
NET OF INVESTMENT EXPENSE

5.58%

LIMERICK TOWNSHIP
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF FUNDING PROGRESS

Valuation Date 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2009	\$ -	\$ 1,330,684	\$ 1,330,684	0%	\$ 1,558,526	85.4%
2012	-	1,813,647	1,813,647	0%	1,877,020	96.6%

SUPPLEMENTARY INFORMATION SECTION

LIMERICK TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>Highway Aid Fund</u>	<u>Community Development Block Grant Fund</u>
ASSETS		
Cash and cash equivalents	\$ 172,324	\$ 1,334
Receivables, taxes and other	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 172,324</u>	<u>\$ 1,334</u>
LIABILITIES AND FUND BALANCES (DEFICIT)		
LIABILITIES		
Accounts payable	\$ -	\$ 38,960
Other payables	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>38,960</u>
FUND BALANCES (DEFICIT)		
Restricted for		
Road and street improvements	172,324	-
CDBG grants	-	(37,626)
Water hydrant maintenance	-	-
Debt service	-	-
Fire protection	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICIT)	<u>172,324</u>	<u>(37,626)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 172,324</u>	<u>\$ 1,334</u>

<u>Water Hydrant Fund</u>	<u>Fire Protection Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
\$ 4,280	\$ 16,181	\$ 252,461	\$ 446,580
<u>883</u>	<u>5,633</u>	<u>2,516</u>	<u>9,032</u>
<u>\$ 5,163</u>	<u>\$ 21,814</u>	<u>\$ 254,977</u>	<u>\$ 455,612</u>
\$ -	\$ 21,530	\$ -	\$ 60,490
<u>-</u>	<u>-</u>	<u>6,686</u>	<u>6,686</u>
<u>-</u>	<u>21,530</u>	<u>6,686</u>	<u>67,176</u>
-	-	-	172,324
-	-	-	(37,626)
5,163	-	-	5,163
-	-	248,291	248,291
<u>-</u>	<u>284</u>	<u>-</u>	<u>284</u>
<u>5,163</u>	<u>284</u>	<u>248,291</u>	<u>388,436</u>
<u>\$ 5,163</u>	<u>\$ 21,814</u>	<u>\$ 254,977</u>	<u>\$ 455,612</u>

LIMERICK TOWNSHIP**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014**

	<u>Highway Aid Fund</u>	<u>Community Development Block Grant Fund</u>
REVENUES		
Taxes	\$ -	\$ -
Interest and rents	999	13
Intergovernmental revenues	439,379	128,726
Other	<u>2,075</u>	<u>-</u>
TOTAL REVENUES	<u>442,453</u>	<u>128,739</u>
EXPENDITURES		
General government	-	-
Public safety	-	-
Public works	436,106	-
Conservation and development	-	162,262
Miscellaneous	-	-
Debt service	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>436,106</u>	<u>162,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,347</u>	<u>(33,523)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from long-term debt	-	-
Operating transfers in	-	-
Operating transfers out	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,347	(33,523)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>165,977</u>	<u>(4,103)</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 172,324</u>	<u>\$ (37,626)</u>

<u>Water Hydrant Fund</u>	<u>Fire Protection Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
\$ 75,816	\$ 468,135	\$ 209,121	\$ 753,072
20	-	311	1,343
-	179,310	-	747,415
-	-	-	2,075
<u>75,836</u>	<u>647,445</u>	<u>209,432</u>	<u>1,503,905</u>
1,502	5,391	2,876	9,769
78,308	645,730	-	724,038
-	-	-	436,106
-	-	-	162,262
-	16,038	-	16,038
-	-	212,903	212,903
<u>79,810</u>	<u>667,159</u>	<u>215,779</u>	<u>1,561,116</u>
<u>(3,974)</u>	<u>(19,714)</u>	<u>(6,347)</u>	<u>(57,211)</u>
-	-	1,880,000	1,880,000
-	19,998	100,000	119,998
-	-	(1,880,000)	(1,880,000)
-	19,998	100,000	119,998
(3,974)	284	93,653	62,787
9,137	-	154,638	325,649
<u>\$ 5,163</u>	<u>\$ 284</u>	<u>\$ 248,291</u>	<u>\$ 388,436</u>

LIMERICK TOWNSHIP
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ASSETS			
Cash, restricted	\$ 72,969	\$ 36,637	\$ 109,606
Investments, restricted	4,773,671	2,755,110	7,528,781
TOTAL ASSETS	<u>4,846,640</u>	<u>2,791,747</u>	<u>7,638,387</u>
LIABILITIES			
Accounts payable	-	30	30
Due to (from) other funds	3,000	(3,000)	-
TOTAL LIABILITIES	<u>3,000</u>	<u>(2,970)</u>	<u>30</u>
NET POSITION			
Held in trust for pension benefits	\$ <u>4,843,640</u>	\$ <u>2,794,717</u>	\$ <u>7,638,357</u>

LIMERICK TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Uniform Pension Fund	
ADDITIONS			
Contributions			
Employer	\$ 149,731	\$ 56,025	\$ 205,756
Employee	21,729	-	21,729
State allocation	178,143	77,454	255,597
TOTAL CONTRIBUTIONS	<u>349,603</u>	<u>133,479</u>	<u>483,082</u>
Income from investments			
Net appreciation in fair value of investments	99,225	57,612	156,837
Net investment income	141,838	83,470	225,308
TOTAL INCOME FROM INVESTMENTS	<u>241,063</u>	<u>141,082</u>	<u>382,145</u>
Investment expense	(25,173)	(16,536)	(41,709)
INVESTMENT INCOME, net	<u>215,890</u>	<u>124,546</u>	<u>340,436</u>
TOTAL ADDITIONS	<u>565,493</u>	<u>258,025</u>	<u>823,518</u>
DEDUCTIONS			
Benefits	67,939	52,750	120,689
CHANGE IN NET POSITION	<u>497,554</u>	<u>205,275</u>	<u>702,829</u>
NET POSITION AT BEGINNING OF YEAR	<u>4,346,086</u>	<u>2,589,442</u>	<u>6,935,528</u>
NET POSITION AT END OF YEAR	<u>\$ 4,843,640</u>	<u>\$ 2,794,717</u>	<u>\$ 7,638,357</u>