

LIMERICK TOWNSHIP
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2021



INTRODUCTORY SECTION

LIMERICK TOWNSHIP

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Limerick Township as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Limerick Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Limerick Township as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Limerick Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Limerick Township's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Limerick Township's ability to continue as a going concern for one year after the financial statement date.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Limerick Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Limerick Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 29, budgetary comparison information on pages 66 through 67 and pension plan information on pages 68 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management, and 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.

Supplementary 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 and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2022 on our consideration of Limerick Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Limerick Township's internal control over financial reporting and compliance.

Marilee LLP

Limerick, Pennsylvania
June 3, 2022

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 30.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's 2021 financial statements. The Township's 2021 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 30 and the *statement of activities* found on page 31 of this report.

The government-wide financial statements have one type of activity:

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

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, 2021

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 two categories: Governmental Funds and Fiduciary Funds.

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

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

The Township maintains eight individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Reserve Funds (includes the Equipment Fund and Park Capital Fund), and Road Improvement Fund, which are all considered to be major funds. The remaining four funds are aggregated into one column and are labeled "Other Governmental Funds." ("Other Governmental Funds" are detailed on pages 75 and 76 in the Supplementary Information Section of this report.)

The basic Governmental Funds financial statements can be found on pages 32 through 35 of this report.

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

The Fiduciary Funds financial statements can be found on pages 36 and 37 of this report.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 38 through 65 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 66 through 78 of this report.

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 \$113,054,348 at the close of December 31, 2021, which represents an increase of \$1,449,461 from the previous year. Current and other assets increased by \$878,893 primarily due to the earnings and appreciation of the Capital Reserve investments.

Capital assets, net, increased by \$1,757,398, due to capital purchases and projects during the year, offset by annual depreciation.

The Township's investment in capital assets, \$40,934,415 or 36% of total net position, reflects the current book value (cost less accumulated depreciation) of land, buildings, machinery and equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The other portion of the Township's net position, \$69,593,808 or 62% is unrestricted net position and may be used to meet the Township's ongoing obligations to citizens and creditors. Most of these assets have been earmarked for future capital improvements. The net proceeds from the sewer sale after paying off all debt were in excess of \$58 million. These assets have been invested for future capital projects as outlined in resolution 2018-37. The Board determines the amounts designated for capital improvements through the budget process. They may at any time, through a process outlined in the Second-Class Township Code, reclassify these assets for other uses.

The final portion of the Township's net position, \$2,526,125 or 2% represents resources that are subject to external restrictions on how they may be used. This includes net position of the Highway Aid Fund as well as developer deposits.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Summary of Net Position

	Governmental Activities		Total Percentage Change
	2021	2020	2020-2021
ASSETS			
Current and other assets	\$ 78,465,976	\$ 77,587,083	1.13%
Capital assets	40,934,415	39,177,017	4.49%
TOTAL ASSETS	119,400,391	116,764,100	2.26%
DEFERRED OUTFLOWS OF RESOURCES			
	<u>1,485,615</u>	<u>707,321</u>	110.03%
LIABILITIES			
Other liabilities	2,362,528	1,260,956	87.36%
Long-term liabilities	2,904,875	2,799,993	3.75%
TOTAL LIABILITIES	5,267,403	4,060,949	29.71%
DEFERRED INFLOWS OF RESOURCES			
	<u>2,564,255</u>	<u>1,805,585</u>	42.02%
NET POSITION			
Net investment in capital assets	40,934,415	39,177,017	4.49%
Restricted	2,526,125	3,013,417	-16.17%
Unrestricted	<u>69,593,808</u>	<u>69,414,453</u>	0.26%
TOTAL NET POSITION	\$ 113,054,348	\$ 111,604,887	1.30%

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

The Township's statement of activities shows how the net position changed during the fiscal year 2021. The statement of activities can be found on page 31 of this report (*also see table below*). The table below helps to explain the changes in net position from January 1, 2021 to December 31, 2021, and from January 1, 2020 to December 31, 2020.

Changes in Net Position

	Governmental Activities		Total Percentage Change 2020-2021
	2021	2020	
REVENUES			
Program revenues			
Charges for services	\$ 2,001,544	\$ 1,279,222	56.47%
Operating grants and contributions	3,680,699	1,402,532	162.43%
Capital grants and contributions	2,500	650	100.00%
General revenues			
Taxes, levied for general purposes	10,810,514	9,919,241	8.99%
Gain on sale of assets	81,435	28,123	189.57%
Other	480,518	2,883,958	-83.34%
TOTAL REVENUES	17,057,210	15,513,726	9.95%
EXPENSES			
General government	2,531,081	1,594,482	58.74%
Public safety	7,689,663	7,902,756	-2.70%
Public works	3,796,770	3,267,733	16.19%
Culture and recreation	1,393,459	1,176,004	18.49%
Conservation and development	-	20,411	-100.00%
Miscellaneous	196,776	200,059	-1.64%
TOTAL EXPENSES	15,607,749	14,161,445	10.21%
CHANGE IN NET POSITION	1,449,461	1,352,281	7.19%
NET POSITION AT BEGINNING OF YEAR	<u>111,604,887</u>	<u>110,252,606</u>	1.23%
NET POSITION AT END OF YEAR	<u>\$ 113,054,348</u>	<u>\$ 111,604,887</u>	1.30%

As shown above, the Township's net position increased by \$1,449,461 from January 1, 2021, and increased by \$1,352,281 from January 1, 2020.

During the COVID pandemic it was thought that revenues, specifically earned income taxes and property transfers, would severely decline but this was not the case. Again in 2021, tax revenues exceeded budgets and 2020 results by \$750,000. In addition, Building Permit fees were more than \$300,000 greater than 2020.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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 34) along with the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities" (page 35).

On page 32, 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 \$(919,051) and it decreases the fund balances from January 1, 2021 to December 31, 2021. The total fund balances on December 31, 2021, are \$75,069,546.

The reconciliation on page 33 explains how the Township arrived at the governmental activities net position of \$113,054,348 from the fund balance in the governmental funds of \$75,069,546.

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

Expenses and Program Revenues

	2021			2020		
	Expenses	Program Revenues	% of Program Revenues to Expenses	Expenses	Program Revenues	% of Program Revenues to Expenses
General government	\$ 2,531,081	\$ -	0%	\$ 1,594,482	\$ -	0%
Public safety	7,689,663	171,139	2%	7,902,756	177,148	2%
Public works	3,796,770	5,045,695	133%	3,267,733	2,395,885	73%
Culture and recreation	1,393,459	467,909	34%	1,176,004	86,812	7%
Conservation and development	-	-	0%	20,411	22,559	111%
Miscellaneous	196,776	-	0%	200,059	-	0%
	<u>\$ 15,607,749</u>	<u>\$ 5,684,743</u>	<u>36%</u>	<u>\$ 14,161,445</u>	<u>\$ 2,682,404</u>	<u>19%</u>

The Township's governmental activities' program revenues (charges for services, operating grants and contributions) for each governmental department cover 36% or \$5,684,743 of the expenses in 2021, an increase from 2020.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The original 2021 budget was adopted in December 2020. That budget was amended three times during the year, in May (Resolution 2021-17), September (Resolution 2021-22) and again in December (Resolution 2021-36). These amendments resulted in budgeted General Fund revenues exceeding expenditures by \$498,416 as compared to a budgeted deficit of \$2,514,720 funded by a \$714,720 use of cash reserves and transfer from the General Capital Reserves of \$1,800,000. As of year-end, revenues exceeded the amended budget by \$215,711 and expenditures were less than the amended budget estimates by \$269,795. A comparison of budget to actual numbers for the General Fund can be found on page 65 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 \$210,685. The largest portion of the Township's real estate tax is accounted for in the General Fund. There was no tax rate increase in 2021, and the general fund milage remains at 2.089. Taxes received were \$3,202,953 in line with the budgeted amount. Although the Township's assessed value continues to gradually increase (1.46% and 1.48 % in 2021 and 2020 respectively), that increase does not provide a significant increase in taxes. The overall tax milage rate was last increased in 2016.

The Township collected \$1,089,733 in Real Estate Transfer Taxes, \$30,000 more than the budgeted amount and \$540,000 more than the original budget. Real Estate Transfer Taxes are based on the dollar volume of real estate sales transacted during the year, which varies greatly from year to year. The current economy has had a great impact on real estate sales. Revenues earned from this tax averaged \$715,000 over the last ten years and \$887,000 over the last three years. This increase is reflective of the increase in residential units being constructed within the Township. 411 residential transfers resulted in \$792,000 as compared to 363 in 2020 and 417 in 2019. The commercial real estate market is hard to predict on a small scale (Township vs. county wide). Sales of large commercial tracts of land, developed or undeveloped, dramatically impact transfer taxes and many times are not known in advance. For these reasons, the Township has taken the approach to budget this line item conservatively. Seven commercial properties were sold in 2021 resulting in approximately \$297,000 in transfer taxes.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Earned Income Tax is levied at 1% for residents and is shared with the Spring-Ford Area School District. From the onset of COVID in 2020, it was anticipated that EIT revenues would decrease by approximately 10%. However, actual 2020 collections were \$4,752,915 about \$153,000 more than budgeted; and about \$98,000 more than collected in 2019. The assumption was that many of the wage earners in Limerick Township were able to continue working from home. In 2021, revenue from EIT was \$5,188,518, a 9% increase over 2020. In keeping with the policy of conservative budgeting, the Township utilizes annual budget estimates from Berkheimer Associates and receives periodic updates used for future budget amendments.

The Local Services Tax is a flat rate of \$52 charged to all persons working in Limerick who earn in excess of \$12,000 annually. Collections in 2021 were \$528,981 slightly higher than the budgeted amount and were approximately \$18,000 more than the 2020 collections. This revenue remains about 10% lower than pre-COVID collections.

- **Fees, Licenses and Permits:** This category includes Cable Franchise fees and licenses, fees and permits related to construction. The 2021 original budget was \$964,690, the amended budget was \$1,411,480, an increase of about \$446,000 and actual revenues were \$1,436,035. Commercial building permits were originally budgeted at \$186,000 but actual receipts were about \$328,769. New construction permits were issued for Buckman's Enterprises and Restaurant Depot as well as many alterations permits. Residential permit revenue of \$476,964 exceeded the original budget of \$242,500. New residential building permits included 96 permits for new construction at the Everleigh at Limerick Pointe, Overlook at Creekside, Weaver Tract and Northgate developments.

Expenses

- **General Government:** The General Government category includes Township Administration, Tax Collection, Legal, Engineering, Technology and Facilities Management. Total expenses were \$2,096,058, about \$69,000 less than the original budget and \$95,000 or 4% less than the final budget. A reduction in professional fees as well as building maintenance costs attributed to the savings.
- **Public Safety:** The Public Safety category includes Police, Code Enforcement, Emergency Services and Planning & Zoning account groups. This category accounts for 60% of the General Fund budget. Combined expenses in these groups were \$6,735,663 in 2021 about \$69,000 less than the amended budget but \$682,000 less than original budget. The original budget was based on a full compliment of 30 officers however the department was understaffed due to terminations and workers compensation cases. This resulted in lower personnel costs as well as some operational costs.
- **Public Works:** The work accounted for in the Public Works Department includes snow removal, recycling, traffic signal maintenance, electricity for streetlights, repairs and maintenance to trucks and equipment, highway reconstruction and maintenance and repair of roads. These expenses account for about 18% of the general fund budget. Overall, public works expenditures were about \$237,000 less than the 2021 original budget because of reduced personnel costs due to disability and a resignation as well a reduction in repair and maintenance costs.
- **Miscellaneous:** Miscellaneous expenditures include Property and Liability Insurances and Contributions. 2021 expenses of \$190,044 were about \$54,000 less than budgeted amounts. The annual budget includes a contribution to the post retirement reserve of \$50,000 however this is not expenditure for GAAP purposes, so not reflected in the actual amounts.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's capital assets as of December 31, 2021 were \$40,934,415 (net of accumulated depreciation), an increase of \$1,757,398 from 2020. This includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure. Infrastructure includes roads and traffic signals.

Current Year Major Additions

Building and Building Improvements - Governmental Activities

2021 improvements included the installation of three bus shelters along the SEPTA bus routes. Two are located on Ridge Pike and one is on Township Line Road near Ridge Pike. The majority of this project was funded by a DCED grant.

Construction in Progress -

The capitalized cost of construction in progress totaled \$2,800,759. The major projects in process include:

- the new west bound ramp at the Sanatoga Interchange of Rt. 422 which is partially funded by a DCED-CFA grant.
- the PECO Trail, Phase 2 from South Limerick Road to Township Line Road, which is partially funded by a federal grant.
- The LED Street light replacement program.

Machinery and Equipment

The total additions for machinery and equipment were \$269,768 and included:

• Replacement – Case Backhoe	\$149,441
• Replacement (2) Police vehicles	\$86,336
• Replacement – Deck Mower	\$17,416
• Replacement – Laser Mower	\$12,842
• Miscellaneous.....	\$3,733

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

Long-Term Debt

At December 31, 2021 the Township's long-term debt was \$0. The final payment for emergency radios financed over 5 years through Montgomery County and was paid off in 2020.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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 20,458 residents. The Township is located in the southwestern part of Montgomery County, approximately 30 miles from Philadelphia. Two main road arteries, Route 422 and Ridge Pike, run through Limerick Township, making the Township a desirable and convenient place to reside.

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

Next Year's Budget

Beginning in September, the Township Manager and Finance Director began discussions with each department to map out specific budget requirements. A primary objective is to build on the successes achieved during 2021 and continue to ensure the Township can meet the challenges of the future.

Budget discussions were held with the Board during regularly scheduled meetings on October 5th, 19th, and November 9th. At the October 5th meeting, the Police, Planning and Zoning, Code, Park and Recreation and Administrative departments were reviewed. At the second Budget meeting on October 19th, Public Works, Park Maintenance, Emergency Services and Fire Protection were discussed. The meeting on November 9th included the Limerick Fire Department as well as a full discussion on all Capital and Unfunded Requests. The Board was offered a review of all reserve accounts and the impact all capital and unfunded requests would have on each fund. The final review of the full budget was presented on November 16th at which time the Board approved advertisement. The 2022 Budget was adopted on December 21, 2021.

2022 Budget discussions began with the hope that the negative impacts of the pandemic ongoing for the past two years, would finally subside. However, in the spirit of conservative budgeting, we will continue to focus on core services and plan flexibility into all other goals and objectives. Ahead of departmental discussions, the Board was briefed on the following issues and objectives that would be the focus of upcoming budget discussions:

- Departmental focus will be on base level services and continuation of existing projects
- Economic inflation will negatively impact the operational budget of every department
- Above average construction related activities and revenues of the past few years are expected to stabilize
- Federal interest rates will remain low and suppress interest earnings used to offset need for tax revenues
- Current township reserve funds will continue to provide an alternate funding stream to the General Fund to eliminate the need for additional real estate taxes
- ARPA funds will be invested until further clarification is received and projects identified
- Maintain an aggressive approach in pursuing grants and other non-tax related funding for long-term capital projects
- Continue to improve social media communication to the community
- Continue to address long-range planning needs as Limerick is expected to remain a desired location for both residential and commercial development

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

In terms of capital projects, the focus of 2022 will be to complete grant related projects that have been ongoing for the past several years which include:

- Lewis Road Sidewalk and Improvement Project
- LCP Masterplan, Phase 1
- Royersford Road Realignment
- Audible signal upgrade-10th and Main

Discussions also highlighted the anticipated ongoing operational deficit. As mentioned previously, real estate tax rates have not been increased since 2016 due to the sale of the sewer operations in 2018. Interest earnings generated from the proceeds of that sale have been used as an alternative revenue stream to offset the need to increase the tax rates to date. As the 2022 General Fund Budget results in an operational deficit of \$2.5 million the Board and public were reminded that additional tax revenues would be required if the sewer sale proceeds were not available. While the 2022 operational deficit will be lessened through short term revenue increases and departmental cost savings, a reminder that if a conservative budget strategy is not maintained, these ongoing operational deficits could erode the effectiveness of the Capital Reserve Fund within a short-term timeframe. At the start of Budget discussions, the Board reiterated their objective to protect the 2018 Investment Strategy approved for the Capital Reserve Fund. Any required transfer to the General Fund to cover recurrent operations should be limited to interest earnings.

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

While the 2022 Budget will only detail operations for the upcoming year, the administration reviews long-range projections to ensure no single year proposal would negatively impact future years' budgets. Each department is instructed to continue to look long-term to ensure their operations and desired projects and programs fit into future year objectives. The following is a review of the budget discussions. Later in this report is a summation of the Board's approved goals and objectives incorporated into the 2022 Budget.

Police

No new hires were requested, and the Department will remain at its current staffing level of 30 sworn officers and 3.5 civilians. A contractual wage assumed to be 4.5 % based on ongoing negotiations for a new contract were provided. The overall Police budget was set at \$5,495,985, and this department continues to be the largest obligation funded by the General Fund. This represents an increase of approximately \$462,000 (9%) over year end 2021 projections, primarily because of reduced staffing levels in 2021.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Capital requests discussed with the Board are as follows:

•	Replacement vehicles (2)	\$130,000
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Chevy Tahoe's to replace the two current command vehicles which are also Tahoe's.

Unfunded requests include the following items:

•	Body Worn Cameras	
	Purchase	\$160,000
	Lease (5 year)	\$ 32,000 (annually)
•	Rifle Suppressors	\$ 15,881

At the October 5th meeting, the Board approved the purchase of the two Chevy Tahoe's so they could get the orders in as soon as possible based on expected cost increases and delivery time frame due to supply chain issues.

Public Works

The structure of the Department continues to be split into two primary programs, Roads and Park Maintenance. The current staffing of the Roads crew remains the same for 2022 at 13 full-time employees. However, the Board was reminded that continued growth of the township and additional road dedications projected from pending development projects will continue to impact the Department. Discussions on increased manpower will be required in future year budgets. The Park Maintenance crew will also remain at its current staffing level of 6 full-time employees and 2 seasonal positions. Like the Road crew, the ongoing expansion of Township parks, trails and open space continue to stress the crew and future positions will be under discussion.

The expenditures of the Public Works Department are budgeted at \$2,521,350, a 12% increase from 2021 yearend projections. A portion of the increase is attributed to a 3% wage increase, provided to all non-uniform employees. Salary adjustments to other positions within the department also contributed to the overall increase. Several line item budgets have been increased substantially to deal with the increasing cost of materials and supplies as a result of supply chain problems. However, when the projected 2022 budget total is compared to the original 2021 budget amount of \$2,409,600 the actual increase is only 4.6%. As discussed within the 2021 Budget section of this report, the department realized cost savings due to temporary staffing reductions and adjustments to operations and projects. It is anticipated the PW Superintendent will again manage the department budget aggressively and achieve year end savings in 2022 where possible. Funding for this department comes from the General Fund.

The Township's annual road program was reviewed which included details on how roads are evaluated to determine which maintenance process is required. It was noted that the department currently maintains 180 lane miles plus 24 lane miles of PA roads under a winter service agreement with PennDOT. The discussion included a review of the inspection process, routine maintenance, and preventive maintenance practices funded within the General Fund. Also offered for discussion were rehabilitation and full reconstruction processes that are funded with Liquid Fuel monies. The annual maintenance program strives to address approximately 7 miles of roads each year (14 lane miles). The Board agreed with the success of the road program and stated that it should continue based on the recommendation of the Road Master.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

The Board was then offered a review of proposed Liquid Fuel paving projects which encompassing 2.5 miles and will total \$650,000 as follows:

- **Recycle and Pave**
 - Abbey Drive, Phase 2 3,490 ft.
- **Cold Mill & Overlay:**
 - Bayberry Drive, Phase 1 5,333 ft.
 - Ferndale Lane 3,540 ft.

The following is a review of the Liquid Fuel Fund which will provide a 2022 yearend reserve of \$161,070. These funds can be used for future year road projects or the purchase of trucks or related road equipment.

• Liquid Fuels Reserves (12/21)	\$ 229,690
• Liquid Fuels allotment (2022)	580,180
• Interest	<u>1,200</u>
	\$ 811,070
2021 proposed contracted paving	(650,000)
Reserve Available 12/31/2021	\$ 161,070

The Department has budgeted the following road maintenance projects totaling \$200,000 paid from the General Fund because the projects are not eligible expenses under Liquid Fuels guidelines. The work will cover 2.75 miles of roads and are as follows:

- **Chip & Fog:**
 - Springford Rd. 2,746 ft.
 - Benner Rd. 6,284 ft.
 - Waterford Green, Phase 1 2,820 ft.
- **Ultra-Thin Overlay:**
 - Graterford Road, Phase 2 2,588 ft.

Included in the General Fund is the following preventive maintenance projects totaling \$150,000, covering 2.3 miles:

- **Preventative Maintenance Projects - In house Paving**
 - Bartlett Drive 3,115 ft.
 - Muirfield Drive 1,161 ft.
 - Spring Haven Circle 580 ft.
 - Tavistock Drive 2,851 ft.
 - Wayside, Phase 1 4,225 ft.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

The Department has the following capital requests:

- Replace 2008 Sterling Dump, L8500 \$190,000
 - (Sell existing for \$35,000)
- Building fence, Phase 2 (approved in 2020) \$ 41,000
- Replace 2017 F150 Pickup with plow \$ 50,000
 - (to be transferred to Parks & Rec)
- Upgrade School Flashers - Limerick Elementary \$ 7,200
 - (1971, will add auto timer and LED)

This Unfunded Request was also reviewed:

- Solar Powered Pedestrian Crossing – LCP \$ 10,500
 - (possible PIRMA grant up to \$5,000)

Park Maintenance

The Parks Maintenance department is responsible for maintaining all township parks, open space, trails, and playgrounds. 2022 expenditures are budgeted at \$726,200 an 8.5% increase over the 2021 original budget. About 15% of these costs or \$110,600 are funded by the real estate tax collected specifically for parks. Most of the funding is from a transfer from the General Fund, budgeted to be \$382,700 in 2022. The need for a sizable transfer to supplement the real estate taxes allocated to parks has been an ongoing discussion with the Board. This budget will again note that as more park and recreation amenities are added, the transfer from the General Fund will continue to increase.

The following Capital Requests were reviewed with the Board:

- Replace - 2010 Landscape Trailer \$ 9,000
- Replace - 2008 Ford F550 \$ 85,000

The following Unfunded Request were also reviewed:

- Kubota mower broom & blower attachments \$ 10,000
 - Wheel Dumper \$ 60,000
 - Manderach Playground Upgrades \$350,000

Parks and Recreation

2022 budgeted expenditures for the department are \$501,350 a 7.5% increase from the 2021 original budget. A reason for this higher-than-normal increase is that full year operations did not take place in 2021 as the department gradually ramped back up from the cutbacks that took place in 2020 due to the pandemic. Full staffing of three full time position is budgeted for 2022 which include the Director, Assistant Director, and recreational assistant. Reviewed with the Board are new programs proposed for 2022 for both seniors and children. The Board was reminded that staff does the best they can and is consistently looking for ways to expand programs and services to the community with the current available facilities that are limited to the township complex and Community Park. A discussion with the Board is anticipated in 2022 on if a community center should be a priority for the future.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Also discussed with the Board was the rental of fields for tournament-based play. The current tournament user rents most fields for many weekends from April to October. Increasing complaints regarding parking, trash, vandalism, and over-use of the fields have been received and after much discussion, the Board decided that tournament rentals should be scaled back. The Board acknowledged that Field Rental revenue of the department will be reduced by \$30-\$40,000 if tournament play is lower than 2021 levels and the budget for Field Rentals reflects this reduction.

A capital request to replace the department's 2008 Ford pickup which was estimated at \$42,345 was discussed. In conjunction with discussions of vehicle needs among all departments, it was agreed by the Board that an existing 2016 pickup from the Public Works fleet could be transferred to the Recreation Department and a new vehicle purchased for Public Works that would include a plow. The only other capital request was for the purchase of five tablets at a cost of \$4,000 for use in the summer camp.

Planning and Zoning

2022 budgeted expenditures for this Department are \$526,785 a 9% decrease from the original 2021 Budget. Staffing will remain the same with three full-time positions which include:

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

This Department is charged with the maintenance of all township codes and ordinances as well as coordination of all planning studies. Proper planning over the past decade has resulted in substantial grant awards to the Township of over \$14 million. As Limerick begins a new decade, and continues to feel the pressure of significant development, the importance of maintaining a proactive approach to planning has been an ongoing objective over the past several years. This was evident in 2021 with the Board directive to restart the Linfield Master Plan Study, Act 209 Traffic Impact Update as well as the update to the Open Space Plan. The Act 209 study was completed but both the Open Space Plan and the Linfield Master Plan Study are anticipated to be finalized in early 2022. Several large-scale development projects submitted sketch plans in late 2021 and are expected to be submitted for formal land development approval in 2022. All will have a significant impact on the Township and the importance of completing these three planning studies was discussed with the Board.

Also under consideration is the need for an update of the Township's Comprehensive Plan that has been in effect since 2009. It is best to update this plan every ten years and with the completion of the 2020 US Census, and receipt of new Limerick population numbers showing the Township at 20,458 residents, a consideration on studying this plan should be a priority. It was suggested that grant funding be sought to offset the costs of this study that could range upwards of \$150,000.

Grant awards are appreciated, but the DCNR grant programs are limited to \$250,000 per year and to achieve larger scale improvements in less time, the township will need to obligate Capital Reserve funds or seek alternate grant funding streams. This is the same scenario for large scale roadway improvement projects such as the second ramp at the Sanatoga/422 Interchange, Royersford Road Realignment, Lightcap Road upgrades near the Outlet Mall, and Longview Road improvements from Main Street to Possum Hollow. These improvements would require upwards of \$25 million and would strain township Capital Reserves and weaken the long-range objectives as detailed in the 2018 Investment Strategy. Therefore, a discussion was had on the need to maintain the \$60,000 funding for all our long-range projects and review capital project priorities in 2022 with the Board based on available funding sources. These funds would be used to seek larger scale grants from Harrisburg and Washington in a similar fashion to the effort that led to the \$2.1 million federal grant for the Sanatoga Ramp, which was completed in 2021.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Based on these discussions the following the planning projects have been included in the 2022 budget:

•	Ordinances & Zoning Amendments	\$ 40,000
•	Long range funding	\$ 60,000
•	Grant applications	\$ 20,000

The following grant applications were proposed:

○	Park & Playground upgrades	
○	Comp Plan update	
○	Act 537 Plan update	
○	Trail Connectivity project	
•	General planning	\$10,000

The department had no Capital requests but did review the two Unfunded Requests noted below:

Unfunded Requests

•	File scanning of parcel files	\$45,000
•	Trail Wayfinding	\$25,000

Code Services

The 2022 Budget for the three-person department is \$296,040, a 4.5% increase from 2021 projected costs. The volume of permit applications and associated revenue is projected to stabilize from the very high 2021 levels due to the rise of economic inflation and its impact on the national construction industry. The Covid pandemic did not have any negative impact on construction over the past two years as permits and revenue exceeded budget projections in both 2020 and 2021. Based on new development applications anticipated to gain approval in the next 12 months, and even though a conservative budget for permits and revenue will be less than 2021, Code Services is still expected to be the highest revenue generating operation of all township departments.

Staffing for 2022 will be two-full time inspectors and a full-time administrative assistant which proved to be adequate for the high level of permit activity that took place in 2021.

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

Emergency Services

Based on a hopeful reduction of the Covid pandemic in 2022, the department asked for a return to full staffing and to resume the rental life safety inspection program. This would bring department staffing to four which includes a full-time Fire Marshal and Asst. Fire Marshal/Emergency Management Coordinator, a fulltime Fire Inspector and administrative assistant. Funding to rehire a full-time Fire Inspector and Administrative Assistant, who were both furloughed in 2020 because of the pandemic, was included in the original 2021 Budget. The administrative assistant was brought on in May and the hiring of the Fire Inspector did not occur which contributed to the \$66,555 savings the department realized in 2021. The budget for 2022 is \$384,200 which is an increase of 30% from year end 2021 projection due to the reduced staffing in 2021.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

The following Capital and Unfunded Requests were discussed with the Board:

Capital Request

- Replace 2014 Ford Explorer w/ F-250 \$75,000

Unfunded Requests

- iPads with covers (3) \$ 2,400

The existing Emergency Management Coordinator tendered a resignation and left the employ of the Township for a new career opportunity in December. Funding to rehire the position at the same skill level is included in the 2022 Budget.

Administration

This Department supports the Board of Supervisors, Township Manager, Legal & Engineering, Finance/HR, Tax Collection, Technology and Building Maintenance. Seven full-time employees make up this department with a 2022 budget of \$2,090,483. This budget is a 10% increase over 2021 projected budget. No overall changes to staffing or duties were proposed. No capital requests were proposed. The following Unfunded Requests were offered for discussion:

- Communication Specialist \$25,000
- Electric Vehicle Charging Station (net of grant) \$10,000
- Update Email (Exchange) system \$16,600

It was explained to the Board that if the email exchange system was not updated to a cloud-based system, a new email server would be required that would be in the \$60,000 range. The communication specialist is in line with a desire to improve the flow and methods by which information and general communication is provided to the community.

Fire Protection

The budget for Fire Protection includes the operational and capital costs of the Limerick Fire Department as well as public hydrant water charges. The 2022 budget is \$1,112,772. This is a 13% increase above the 2021 yearend projection. Expenses for the department include the following:

- Fire Dept. Operations and Capital \$695,069
- Public Hydrant Charges 125,000
- Fire Relief Contribution 139,000
- Volunteer Retention 59,000
- Insurances 36,766
- Miscellaneous 28,400

Funding for the department is as follow:

- RE Tax \$ 655,500
- State Aid 139,000
- Transfer from Capital Reserves 258,472
- General Fund Transfer 59,000
- Interest Earnings 800

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

2022 net available for future years is projected to be \$22,353. What was again stressed to the Board is the continued cost savings that has resulted from the merger completed in 2019. Real Estate taxes allocated to the fire department, have been sufficient to sustain the joint operation including expenses for two new fire stations. Since the merger, a Fire Protection fund balance has continued to grow and is expected to be \$449,435 by year end 2022. The ongoing growth of the community which will continue to strain the volunteer membership, and increase the cost of equipment, a strong reserve will be essential in future years. Regarding the volunteer membership, the merger continues to strengthen the force with a steady influx of new recruits. The current support structure for the fire department came about when the two volunteer organizations approached the township almost a decade ago seeking higher levels of financial support. Discussions at that time regarding the strain on membership were also reviewed and a study was completed to determine how best to provide fire and emergency services to the community in the future. Many cooperative initiatives between the fire departments and township were undertaken that resulted in the current single department structure that has eased the burden on the tax base and enabled fire taxes to remain stable, strengthened membership and provided the necessary equipment, facilities and apparatus needed to properly protect the community. So long as the cooperative structure continues, it is reasonable that the current volunteer structure can be maintained for the next decade which will save the community approximately \$5 million annually by not needing a paid force.

In line with the ongoing capital apparatus plan, 2022 budget will include funding \$110,000 for the annual payment of the new Squad purchased in 2021 and reimburse the department to cover the mortgage payment on the new Linfield building.

Roads/Infrastructure/Capital Projects

These ongoing projects were discussed with the Board and funding approved in the 2022 Budget.

Royersford/Linfield Trappe Intersection - Funding to complete the design of this \$5.2 million project was again included in the 2022 Budget. Several design and permitting delays have pushed back the design schedule but it is hoped that all outside agency permits will be completed in 2022 and the township can begin to acquire the necessary right-of-way. Once this takes place then the project will be shovel ready and in a position for grant related funding.

Lewis Road Improvement Project - The township is currently seeking final approvals from PennDOT. Once these are obtained then construction easements will need to be obtained from a few property owners. It is anticipated these tasks will be completed in time to place the project out to bid in early 2022.

Trail Projects - With the completion of most of Phase 2 at the end of 2021, discussion with the Board will be underway in 2022 on what areas of the Township should be prioritized for future trail grants. The Planning department is currently working on a connectivity plan that is expected to be under discussion in early 2022.

Trail construction projects planned for 2022 will be fencing along the Phase 1 PECO trail, as discussed previously in this report which is estimated at \$63,000. Also previously reviewed is the \$100,000 Lewis Road crossing from Capital Reserves. Public Works will also construct the PECO trail connection to Limerick Center Road that will be placed across the Perkins property. Easements have been obtained along with a \$60,000 Montgomery County grant that will cover a majority of the \$75,000 construction cost.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Bus Shelters - The Township has completed two of four planned bus shelters anticipated under a \$48,000 grant obtained for the Township by Representative Joe Ciresi. The third shelter will be completed in early 2022 at the corner of Kugler Road and Ridge Pike. Discussion for the fourth shelter near this intersection is still ongoing with the property owner with whom right of way easements are required.

Audible Signal 10th and Main - Funding is included for the \$50,000 projected upgrade to the signal equipment with audible equipment based on a request from a visually impaired person use frequently uses this intersection. The Township learned in late 2021 that an ARLE Grant has been received in the amount of \$37,291 to help defray the costs of this upgrade.

School Road Reconstruction - \$150,000 of Road Improvement Reserve Funds have been allocated in the budget to complete a reconstruction of a portion of School Road. The funding comes from waiver fees the developer paid for the single-family development under construction along School Road. The Township will utilize the funds for a bid project to complete the work ahead of improvements the developer is obligated to complete.

Community Park Upgrades - As discussed earlier this report, Phase 1 improvements totaling \$850,000 are anticipated to begin in 2022. Work will include the installation of a new entrance off Swamp Pike, parking lot, trail connection to the existing park, playground and associated grading for new ball fields. Funding is by way of two successive grant received from PA DCNR that total \$425,000, along with the required Township match of \$425,000. An additional \$250,000 grant award received in late December after the approval of the 2022 Budget will be allocated to the design and construction of future phases of the overall park upgrade.

The proposed Budget was presented to the Board on November 16th. Based on Board authorization, the 2022 Budget was advertised and subsequently approved on December 21, 2021, and the following items are the larger scale actions incorporated into the approved Budget.

- **\$21,452,724 Budget across all funds**
- **No Increase in Real Estate Tax Rates**
- **Operational Deficit** - The 2022 General Fund budget was approved with an operational budget deficit of \$714,720. This is a similar number to the 2021 original operating deficit that was successfully eliminated with positive budget management. The Board expressed confidence that this deficit will be reduced as has occurred in past years.
- **Transfer from Capital Reserve Fund** - A budgeted transfer of interest earnings in the amount of \$1,200,000 into the General Fund will eliminate the need to increase property taxes to balance the budget. This transfer is lower than the proposed transfer in the original 2021 budget transfer based on the strength of recurrent tax and permit revenue sources.
- **Fire Company Capital Program** - Approved the budget of \$1,112,772 as presented on November 9th which includes the annual loan payment for the newly purchased Squad in the amount of \$110,000, as well as funding for the Linfield Station mortgage.
- **Park Fund** - A reduction in revenue is expected as the Board authorized a scale back with the level of field rentals for tournaments. A discussion with the tournament users will be undertaken in 2022 on a new rental structure and staff was instructed to look for other users that have less impact on the park to supplement the loss.
- **EMS Agencies** - \$40,000 allocated to continue the funding to support the program established in 2019.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

- **Public Library** - Per Board direction from several years ago, a \$1,000 increase per year in the library contribution will continue until it matches the level of \$1 per each resident. The 2022 contribution will be \$15,000.

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

CAPITAL REQUESTS:	Department	Amount	General Fund	Capital Equip.	Capital Reserves	Approved
Replace - 2 Vehicles (Tahoe's)	Police	130,000	-	130,000	-	YES
Replace - 2008 Sterling Dump Truck	PW	190,000		190,000		YES
PW Fencing, Phase 2	PW	41,000		41,000		YES
Replace 2017 F150 Pickup (transfer to Park & Rec) with F350 w/plow	PW	50,000		60,000		YES
Upgrade School Flashers - Limerick Elementary	PW	7,200	7,200			YES
Replace - 2008 F150	Recreation	42,345		42,345		NO
tablets (approved in 2020)	Recreation	4,000	4,000	-		YES
Replace - 2010 Landscape Trailer	Park Maint.	9,000		9,000		YES
Replace - 2008 Ford F550	Park Maint.	85,000		85,000		NO
Replace 2014 Ford Explorer	EM	75,000		75,000		NO
TOTAL		633,545	11,200	632,345	-	

UNFUNDED REQUESTS:	Department	Amount	General Fund	Capital Equip.	Capital Reserves	Approved
Field Rentals - Toumaments (additional transfer from General Fund)	Recreation	30,000	30,000			NO
Communication Specialist	Admin	25,000	25,000			NO
Electric Vehicle Charging Station (net of grant)	Admin	10,000		10,000		YES
Upgrade Exchange Email system	Admin	16,600	16,600			YES
Body Worn Cameras (\$160,000, 5 year, annual lease)	Police	32,000	-	32,000		YES
Rifle Suppressors	Police	15,881	-	15,881		YES
Parcel File Scanning	Planning	45,000	45,000			NO
Trail Wayfinding Project	Planning	25,000		25,000		YES
Solar Powered Pedestrian Crossing - LCP (possible gr)	PW	10,500		10,500		YES
Kubota Mower Broom & Blower Attachments	Park Maint.	10,000		10,000		YES
Wheel Dumper 3100	Park Maint.	60,000		60,000		NO
Rebuild castle - Manderach Playground	Park Maint.	350,000			350,000	NO
Ipads with covers (3)	EM	2,400	2,400	-		YES
TOTAL		632,381	119,000	163,381	350,000	
GRAND TOTAL		1,265,926	130,200	795,726	350,000	
APPROVED			60,200	533,381	-	

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

This Budget Message details the major initiatives and ongoing operational activities that will be the administration's focus over the course of 2022. The Township's financial foundation remains very strong due primarily to the strength of the reserve funds as shown in the following chart. Reserve funds continue to remain strong based on the strength of the budget's recurrent revenue streams which continue to fund a significant portion of the Township's operational costs. The elimination of the 2021 budget's original \$2.5 million operating deficit helped maintain General and Capital Reserve accounts for 2022 and future year budgets. As noted often in this budget message, interest earnings from the Capital Reserve Fund are used to supplement any General Fund operating deficit to ease the burden on real estate taxes. Principal holdings are used for long range capital projects which also lessen the need for new real estate taxes. Because of these investment strategies, Limerick is positioned to remain in the lower half of all Montgomery County communities in terms of real estate tax levels for the foreseeable future.

The Fire Protection Fund also continues to grow demonstrating the positive impact of the 2019 merger. The Road Improvement Fund continues to maintain a strong balance due primarily to collected traffic impact fees and waiver contributions from the high level of development activity that continues across all economic sectors in the township. These collected Road Improvement funds have assisted with several road upgrade and safety projects with the most significant being the recently completed 422 west bound on-ramp. New impact fees are expected over the next several years with the projects ongoing and availability of land. These fees and the available Road Improvement Reserves will provide the Township with the ability to move forward with other important road infrastructure projects in the coming years.

Of continued concern is the lack of funding for the Capital Equipment and Park Capital Funds. Both lack specific revenue streams and rely on General Fund tax revenues. With the increasing cost of equipment across all departments, a discussion with the Board will be required on how to best ensure adequate funding sources are maintained in the future. Likewise, a growing inventory of park, open space and trails are constantly added to the Township's Park system. The Park Capital Fund which held a balance of over \$1 million a decade ago, has seen the fund reserves depleted to support the growing park and trail system. All uses of the reserves have been appropriate and provided new open space and park offerings to the community. The Fund was established years ago when developer contributions during the 80's and 90's provided significant revenues toward the park system. As the township continued to grow, a changing dynamic took place by which developers were asked to provide actual open space instead of contributing to this fund. If the Board does move forward with an EIT Open Space Tax, as recommended by the soon to be adopted Open Space Update, then a new funding stream will be established and used to hold the monies to purchase additional open space.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

Below is a summary of expected fund balances by fund based on 2021 projected activity and the 2022 budgeted revenues and expenditures:

	General Fund	Fire Protection	Road Improv	Capital Equipment	Capital Reserves	Liquid Fuels	Parks & Recreation	Park Capital
12/31/21 Balance	7,572,407	427,082	2,169,983	285,597	64,752,451	229,690	-	(0)
2022 Budget								
Revenues	11,275,662	1,112,772	1,084,321	223,901	714,000	581,380	1,228,500	1,031,885
Expenses	<u>13,190,382</u>	<u>1,090,419</u>	<u>1,598,697</u>	<u>554,381</u>	<u>2,104,107</u>	<u>650,000</u>	<u>1,228,500</u>	<u>1,031,885</u>
Net Activity	(1,914,720)	22,353	(514,376)	(330,480)	(1,390,107)	(68,620)	-	-
Interest Transfer - Cap. Res.	<u>1,200,000</u>							
Net Activity	(714,720)							
12/31/22 Balance	6,857,687	449,435	1,655,607	(44,883)	63,362,344	161,070	-	(0)

Since the sale of the sewer system, a perception that the Township is flush with available funding is often heard. It is agreed that Limerick has greater reserve funds than many other local communities, but without proper long-term management of these reserves, the objectives of the Sale along with the 2006 Business Model and 2017 Investment Strategy, will be negated. Throughout the entire 2022 Budget process, discussion occurred on the many successful projects that the Township has been able to complete without the need for higher real estate taxes from the community. Discussion also took place on pending sewer fee increases expected in 2022 by Aqua who is currently requesting rate increases from the PUC. It was argued by a few that the sale of the sewer system is based on a flawed metric and higher real estate taxes would be a fairer means to fund township operations and capital needs. With the ability to look back on the three years since the sale has been finalized, a reaffirmation that the sale was a positive long-term achievement, can be easily recognized. The rationale and use of the Capital Reserve funds are a given and discussed often in this report. What is not discussed are other tangible benefits the sewer sale provides. Of most importance is Limerick's ability to maintain low real estate taxes while advancing many high-level capital projects. Most local municipalities rely on taxes to fund capital initiatives and in doing so, further burden the local tax base. A debate has raged for decades on the growing burden property owners face with the constant increase of local, County and School District real estate taxes. Elected PA legislative officials often seek and campaign on a pledge to reduce real estate tax burdens especially for our seniors who struggle to remain in their homes during their retirement years. While all others continue to discuss options to reduce real estate taxes, Limerick has achieved such a plan with the sewer sale and the positive objectives it has offered to this community over the past three years. Since 2010 when discussions began with the Board and public on how to best move forward over the upcoming decade in providing the required services to this community, funding options were always at the forefront. The Board discussed all funding options so the financial burden on the community would be minimized as best as possible. A study of the 2018 sewer sale shows the Board has achieved their objectives. The Township has eliminated all debt, provided new facilities for the police, fire department and public works departments that will enable them to provide higher level services to the community for the next several decades, without the need for additional real estate taxes. The Township is not burdened with increasing costs of operating a sewer system that in addition to over \$20 million of projected capital upgrades, continuously faced higher level DEP regulations that would have required increased sewer rental costs if ownership was maintained. Projections compiled before the sale noting costs to the community from both higher sewer fees and increased real estate tax rates, if the sewer sale did not take place, would be higher than new Aqua sewer rates, remain valid.

LIMERICK TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,905,150
Investments	64,346,399
Receivables, taxes and other	1,121,497
Prepaid expenses and other assets	80,325
Net pension asset	1,012,605
Capital assets, at cost	
Land and improvements	6,267,728
Buildings and building improvements	15,559,769
Machinery and equipment	5,796,256
Infrastructure	24,603,439
Construction in progress	3,171,225
Accumulated depreciation	(14,464,002)
TOTAL ASSETS	<u>119,400,391</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension activities	1,197,560
Deferred outflows of resources - OPEB activities	<u>288,055</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,485,615</u>
LIABILITIES	
Accounts payable	1,180,481
Unearned revenue	1,182,047
Long-term liabilities	
Portion due or payable after one year	
Total OPEB liability	2,744,165
Compensated absences	160,710
TOTAL LIABILITIES	<u>5,267,403</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension activities	2,397,759
Deferred inflows of resources - OPEB activities	<u>166,496</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,564,255</u>
NET POSITION	
Net investment in capital assets	40,934,415
Restricted	2,526,125
Unrestricted	<u>69,593,808</u>
TOTAL NET POSITION	<u>\$ 113,054,348</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES						
General government	\$ 2,531,081	\$ -	\$ -	\$ -	\$ (2,531,081)	
Public safety	7,689,663	14,540	156,599	-	(7,518,524)	
Public works	3,796,770	1,519,095	3,524,100	2,500	1,248,925	
Culture and recreation	1,393,459	467,909	-	-	(925,550)	
Miscellaneous	196,776	-	-	-	(196,776)	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 15,607,749	\$ 2,001,544	\$ 3,680,699	\$ 2,500	(9,923,006)	
GENERAL REVENUES						
Real estate taxes					4,003,282	
Earned income taxes					5,188,518	
Emergency and municipal services taxes					528,981	
Real estate transfer taxes					1,089,733	
Interest and rents					16,875	
Fines, forfeits and costs					56,226	
Gain on sale of capital assets					81,435	
Other					407,417	
TOTAL GENERAL REVENUES					11,372,467	
CHANGE IN NET POSITION						
NET POSITION AT BEGINNING OF YEAR						1,449,461
NET POSITION AT END OF YEAR						\$ 113,054,348

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	General Fund	Capital Reserve Funds
ASSETS		
Cash and cash equivalents	\$ 6,460,922	\$ 4,629,692
Investments	2,904,293	59,863,081
Receivables, taxes and other	404,676	266,622
Due from other funds	-	-
Prepaid expenses	<u>39,205</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 9,809,096</u>	<u>\$ 64,759,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 437,508	\$ 256,792
Due to other funds	-	164,823
Unearned revenue	<u>1,182,047</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,619,555</u>	<u>421,615</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	<u>21,237</u>	<u>-</u>
FUND BALANCES		
Nonspendable, prepaid expenses	39,205	-
Restricted for		
Road and street improvements	-	-
CDBG grants	-	-
Fire protection	-	-
Committed		
Post retirement health reserve	436,499	-
Canine fund	<u>10,800</u>	<u>-</u>
Assigned to		
Capital projects	-	64,052,637
Capital equipment	-	285,143
Unassigned	<u>7,681,800</u>	<u>-</u>
TOTAL FUND BALANCES	<u>8,168,304</u>	<u>64,337,780</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,809,096</u>	<u>\$ 64,759,395</u>

See accompanying notes to the basic financial statements.

Road Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 200,757	\$ 613,779	\$ 11,905,150
1,579,025	-	64,346,399
439,820	10,379	1,121,497
-	164,823	164,823
-	41,120	80,325
<u>\$ 2,219,602</u>	<u>\$ 830,101</u>	<u>\$ 77,618,194</u>
\$ 324,269	\$ 161,912	\$ 1,180,481
-	-	164,823
-	-	1,182,047
<u>324,269</u>	<u>161,912</u>	<u>2,527,351</u>
-	<u>60</u>	<u>21,297</u>
-	41,120	80,325
1,895,333	230,169	2,125,502
-	-	-
-	400,623	400,623
-	-	436,499
-	-	10,800
-	-	64,052,637
-	-	285,143
-	(3,783)	7,678,017
<u>1,895,333</u>	<u>668,129</u>	<u>75,069,546</u>
<u>\$ 2,219,602</u>	<u>\$ 830,101</u>	<u>\$ 77,618,194</u>

LIMERICK TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2021

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 75,069,546
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land and improvements	6,267,728
Construction in progress	3,171,225
Buildings and building improvements	15,559,769
Machinery and equipment	5,796,256
Infrastructure	24,603,439
Accumulated depreciation	(14,464,002)
Deferred inflows and outflows of resources related to pension and OPEB activities are not current financial resources and, therefore, are not reported in the Governmental Funds.	(1,078,640)
Some assets are not receivable in the current period and therefore are not reported in the funds. These assets consist of the net pension asset.	1,012,605
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Total OPEB liability	(2,744,165)
Compensated absences	(160,710)
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>21,297</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>113,054,348</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2021

	General Fund	Capital Reserve Funds
REVENUES		
Taxes	\$ 10,010,185	\$ -
Fees, licenses and permits	1,436,035	-
Interest and rents	13,413	-
Intergovernmental revenues	622,472	1,157,631
Fines, forfeits and costs	56,226	-
Program revenues	-	-
Other	120,011	-
TOTAL REVENUES	12,258,342	1,157,631
EXPENDITURES		
General government	2,096,058	-
Public safety	6,735,663	-
Public works	2,172,413	-
Culture and recreation	-	-
Investment loss	-	519,609
Miscellaneous	190,044	-
Capital projects	-	1,503,107
TOTAL EXPENDITURES	11,194,178	2,022,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,064,164	(865,085)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	392	-
Operating transfers out	(565,748)	(164,823)
Proceeds from sale of capital assets	-	86,647
TOTAL OTHER FINANCING SOURCES (USES)	(565,356)	(78,176)
NET CHANGE IN FUND BALANCES	498,808	(943,261)
FUND BALANCES AT BEGINNING OF YEAR	7,669,496	65,281,041
FUND BALANCES AT END OF YEAR	\$ 8,168,304	\$ 64,337,780

See accompanying notes to the basic financial statements.

Road Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 753,852	\$ 10,764,037
97,600	-	1,533,635
1,014	2,448	16,875
1,175,958	724,638	3,680,699
-	-	56,226
-	467,909	467,909
289,906	-	409,917
<u>1,564,478</u>	<u>1,948,847</u>	<u>16,929,298</u>
-	5,691	2,101,749
-	989,821	7,725,484
1,919,672	713,435	4,805,520
-	1,082,751	1,082,751
-	-	519,609
-	6,732	196,776
-	-	1,503,107
<u>1,919,672</u>	<u>2,798,430</u>	<u>17,934,996</u>
<u>(355,194)</u>	<u>(849,583)</u>	<u>(1,005,698)</u>
-	730,571	730,963
-	(392)	(730,963)
-	-	86,647
<u>-</u>	<u>730,179</u>	<u>86,647</u>
(355,194)	(119,404)	(919,051)
<u>2,250,527</u>	<u>787,533</u>	<u>75,988,597</u>
\$ <u>1,895,333</u>	\$ <u>668,129</u>	\$ <u>75,069,546</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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (919,051)
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Capital outlays are reported in the Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	1,762,610
--	-----------

Gross proceeds on the sale of assets are revenue on the fund financial statements, but only the gain or loss is reported in the statement of net position.

	(5,212)
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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.

	46,477
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In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave)--pension expense--and other postemployment benefits are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

	564,637
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>1,449,461</u>
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See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

DECEMBER 31, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash, restricted	\$ 456,706	\$ 415,140
Investments, restricted	<u>17,794,734</u>	<u>-</u>
TOTAL ASSETS	<u>18,251,440</u>	<u>415,140</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>49,738</u>
NET POSITION		
Restricted for pensions	18,251,440	<u>-</u>
Restricted for custodial purposes	<u>-</u>	<u>365,402</u>
TOTAL NET POSITION	<u>\$ 18,251,440</u>	<u>\$ 365,402</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****YEAR ENDED DECEMBER 31, 2021**

	<u>Pension</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 292,836	\$ -
Employee	68,704	-
State allocation	474,931	-
Developers	-	1,098,527
TOTAL CONTRIBUTIONS	<u>836,471</u>	<u>1,098,527</u>
Income from investments		
Net appreciation in fair value of investments	2,275,873	-
Net investment income (loss)	<u>(57,655)</u>	944
TOTAL INCOME FROM INVESTMENTS	<u>2,218,218</u>	<u>944</u>
Investment expense	<u>(56,758)</u>	-
INVESTMENT INCOME, net	<u>2,161,460</u>	<u>944</u>
TOTAL ADDITIONS	<u>2,997,931</u>	<u>1,099,471</u>
DEDUCTIONS		
Benefits	250,926	-
Escrow payments	-	1,021,979
TOTAL DEDUCTIONS	<u>250,926</u>	<u>1,021,979</u>
CHANGE IN NET POSITION	<u>2,747,005</u>	<u>77,492</u>
NET POSITION AT BEGINNING OF YEAR	<u>15,504,435</u>	<u>287,910</u>
NET POSITION AT END OF YEAR	<u>\$ 18,251,440</u>	<u>\$ 365,402</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Limerick Township (the “Township”) is governed by an elected five-member board. The financial statements of the Township include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility, including general government, public safety, parks and recreation and public works.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for Fiduciary Funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

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

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Township reports the following major Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety, public services and recreation. Those activities are funded principally by property taxes, Act 511 taxes, state shared taxes and grants from other governmental units.

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budgets and Budgetary Accounting

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1. The Township employs an elected tax collector to collect the property tax levied. The tax collector remits Township taxes at least monthly and is paid on a commission basis. During the COVID-19 pandemic the Township did not issue any penalties for late payment.

For 2021, tax was levied on the assessed value of real estate at a total of 2.593 mills.

The taxable assessed valuation of property as of January 1, 2021 was \$1,526,277,412.

Transfers

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

Short-Term Interfund Receivables/Payables

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

Deposits and Investments

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

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

Compensated Absences

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

Long-Term Obligations

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

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

Use of Estimates

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

Deferred Outflows/Inflows of Resources

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

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

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

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statute as it relates to custodial credit risk. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. As of December 31, 2021, \$3,707,136 was insured by the FDIC and \$9,166,113 of the Township's bank balance of \$12,873,249 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

\$ 9,166,113

Investments

As of December 31, 2021, the Township's governmental activities had the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities	
			Less Than One Year	1 to 5 Years
U. S. Government notes, agency	\$ -	\$ 22,745,128	\$ -	\$ 22,745,128
U. S. Treasury Obligation	-	23,010,539	-	23,010,539
Corporate bonds	-	6,489,604	-	6,489,604
Certificate of deposit	802,533	-	-	802,533
State investment pools	<u>11,298,595</u>	<u>-</u>	<u>11,298,595</u>	<u>-</u>
	<u>\$ 12,101,128</u>	<u>\$ 52,245,271</u>	<u>\$ 11,298,595</u>	<u>\$ 53,047,804</u>

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township's corporate bonds are considered to be Level 2 investments and all other investments are considered to be Level 1 and were valued based on quoted market prices.

Certificates of deposit held by banks of \$802,533 are stated at cost plus interest earned.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

A portion of the Township's investments are in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2021, is \$11,298,595. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2021, the Township's investment in the state investment pool was rated AAA by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$11,298,595 invested in a PLGIT/PRIME account which limits redemptions or exchanges to two per calendar month.

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

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

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

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

Pension Trust Funds

Pension Trust Fund investments are comprised of the following:

	Police Pension Plan		Non-Uniform Pension Plan	
	Cost	Fair Value	Cost	Fair Value
Mutual funds/ETF's	\$ 11,184,183	\$ 12,445,419	\$ 4,791,384	\$ 5,349,315

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE C - RECEIVABLES

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

GOVERNMENTAL FUNDS

General Fund	\$ 404,676
Recreation Fund	1,502
Road Improvement Fund	439,820
Fire Protection Fund	8,877
Capital Reserve Funds	<u>266,622</u>
	\$ <u>1,121,497</u>

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers were as follows:

	Transfers In	Transfers Out
General Fund	\$ 392	\$ 565,748
Capital Reserve Fund	-	164,823
Recreation Fund	509,748	-
Fire Protection Fund	220,823	-
Community Development Block Grant	<u>-</u>	<u>392</u>
	<u>\$ 730,963</u>	<u>\$ 730,963</u>

Interfund receivable and payable balances as of December 31, 2021, were as follows:

	Receivable Fund	Payable Fund
Capital Reserve Fund	\$ -	\$ 164,823
Fire Protection Fund	<u>164,823</u>	<u>-</u>
	<u>\$ 164,823</u>	<u>\$ 164,823</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	\$ 6,267,728	\$ -	\$ -	\$ 6,267,728
Construction in progress	370,466	2,800,759	-	3,171,225
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	6,638,194	2,800,759	-	9,438,953
Capital assets being depreciated				
Buildings and building improvements	15,512,598	47,171	-	15,559,769
Machinery and equipment	5,749,100	269,768	(222,612)	5,796,256
Infrastructure	24,484,579	118,860	-	24,603,439
TOTAL CAPITAL ASSETS BEING DEPRECIATED	45,746,277	435,799	(222,612)	45,959,464
Accumulated depreciation				
Buildings and building	(2,943,423)	(430,175)	-	(3,373,598)
Machinery and equipment	(3,311,593)	(442,655)	217,400	(3,536,848)
Infrastructure	(6,952,438)	(601,118)	-	(7,553,556)
TOTAL ACCUMULATED DEPRECIATION	(13,207,454)	(1,473,948)	217,400	(14,464,002)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>32,538,823</u>	<u>(1,038,149)</u>	<u>(5,212)</u>	<u>31,495,462</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 39,177,017</u>	<u>\$ 1,762,610</u>	<u>\$ (5,212)</u>	<u>\$ 40,934,415</u>

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 162,134
Police, health and public safety	294,790
Public works	574,840
Culture and recreation	442,184
	<u>\$ 1,473,948</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE F - LEASE COMMITMENTS

The Township leases office equipment under operating leases with terms of four to five years. The following is a schedule by years of future minimum rentals under the lease agreements as of December 31, 2021:

Year Ending <u>December 31,</u>		
2022		\$ <u>6,636</u>

NOTE G - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2021, the following changes in long-term liabilities occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Total OPEB liability	\$ 2,370,456	\$ 373,709	\$ -	\$ 2,744,165	\$ -
Net pension liability	261,839	-	(261,839)	-	-
Compensated absences	167,698	-	(6,988)	160,710	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES					
	<u>\$ 2,799,993</u>	<u>\$ 373,709</u>	<u>\$ (268,827)</u>	<u>\$ 2,904,875</u>	<u>\$ -</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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	5
Active plan members	26
	<hr/>
	37

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, 2021

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 \$601,826 to the plan for the year 2021.

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

Investments

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

The following was the Board's adopted asset allocation policy as of December 31, 2021:

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

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

Rate of Return - For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.00%. 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, 2021, were as follows:

Total pension liability	\$ 12,305,030
Plan fiduciary net position	<u>(12,750,202)</u>
NET PENSION (ASSET) LIABILITY	\$ <u>(445,172)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.62%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.50% annual increase
Investment rate of return	6.75%
Mortality rates were based on the RP-2000 Mortality Table (Blue Collar) with Scale AA.	

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity Management	
Value Style	6.75%
Growth	6.75%
Small-Mid Cap	
Value	6.75%
Growth	6.75%
International Equity Management	6.75%
Exchange Traded Funds	6.75%
Fixed Income Management	6.75%
Real Estate	6.75%
Commodities	6.75%

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, 2021

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

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 10,974,396	\$ 10,712,557	\$ 261,839
Changes for the year			
Service cost	386,361	-	386,361
Interest	818,788	-	818,788
Differences between expected and actual experience	(391,468)	-	(391,468)
Changes of assumptions	651,219	-	651,219
Contributions			
Employer	-	601,826	(601,826)
Member	-	68,704	(68,704)
Net investment income	-	1,537,199	(1,537,199)
Benefit payments	(134,266)	(134,266)	-
Administrative expense	-	(35,818)	35,818
Net changes	<u>1,330,634</u>	<u>2,037,645</u>	<u>(707,011)</u>
Balances at December 31, 2021	\$ 12,305,030	\$ 12,750,202	\$ (445,172)

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension (asset) liability	\$ <u>1,506,568</u>	\$ <u>(445,172)</u>	\$ <u>(1,961,454)</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2021, the Township recognized pension expense of \$69,722 for the Police Pension Plan. At December 31, 2021, the Township reported deferred outflows and resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 128,965	\$ 650,591
Differences in assumptions	893,001	-
Net difference between projected and actual earnings on pension plan investments	- <hr/>	1,160,664 <hr/>
TOTAL	\$ 1,021,966	\$ 1,811,255

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

Year Ending
December 31,

2022	\$ (212,916)
2023	(410,434)
2024	(212,005)
2025	(84,839)
2026	66,554
Thereafter	64,351

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

Summary of Significant Accounting Policies

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Plan Description

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

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

Plan Membership - At December 31, 2021, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	13
	<hr/>
	38

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

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

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$165,941 to the plan for the year 2021.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Pension Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2021:

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

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

Rate of Return - For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension (Asset) Liability of the Township

The components of the net pension (asset) liability of the Township at December 31, 2021, were as follows:

Total pension liability	\$ 4,933,805
Plan fiduciary net position	<u>(5,501,238)</u>
NET PENSION (ASSET) LIABILITY	\$ <u>(567,433)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>111.50%</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.00% annual increase
Investment rate of return	6.75%

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

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2021 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity Management	
Value Style	6.75%
Growth	6.75%
Small-Mid Cap	
Value	6.75%
Growth	6.75%
International Equity Management	6.75%
Exchange Traded Funds	6.75%
Fixed Income Management	6.75%
Real Estate	6.75%
Commodities	6.75%

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2020	\$ 4,429,168	\$ 4,791,878	\$ (362,710)
Changes for the year			
Service cost	97,000	-	97,000
Interest	323,918	-	323,918
Differences between expected and actual experience	(43,540)	-	(43,540)
Changes of assumptions	243,919	-	243,919
Contributions			
Employer	-	165,941	(165,941)
Member	-	-	-
Net investment income	-	681,019	(681,019)
Benefit payments	(116,660)	(116,660)	-
Administrative expense	-	(20,940)	20,940
NET CHANGES	<u>504,637</u>	<u>709,360</u>	<u>(204,723)</u>
Balances at December 31, 2021	\$ 4,933,805	\$ 5,501,238	\$ (567,433)

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate - The following presents the net pension (asset) liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension (asset) liability	\$ <u>62,387</u>	\$ <u>(567,433)</u>	\$ <u>(1,104,045)</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2021, the Township recognized pension income of \$62,091 for the Non-Uniform Pension Plan. At December 31, 2021, the Township reported deferred outflows and resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 55,695
Differences in assumptions	175,594	-
Net difference between projected and actual earnings on pension plan investments	- <hr/>	530,809 <hr/>
TOTAL	\$ 175,594	\$ 586,504

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

Year Ending
December 31,

2022	\$ (84,345)
2023	(170,292)
2024	(89,756)
2025	(66,517)
2026	-
Thereafter	-

NOTE J - OTHER PENSION PLANS

Defined Contribution Plan

The Township also provides a defined contribution plan to any non-uniform employee hired on or after January 1, 2009. Pension expense for the year ended December 31, 2021, was \$121,248.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE J - OTHER PENSION PLANS (Continued)

Deferred Compensation Plan

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

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

Plan Description

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

Funding Policy

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

Employees covered by benefit terms - At December 31, 2021, the following employees were covered by the benefit terms:

Active plan members

27

Total OPEB Liability

The Township's total OPEB liability of \$2,744,165 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2021 actuarial report was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical inflation rate	6.5% increase in the first year, decreasing by 0.5% per year to ultimate rate of 5%
Inflation	3.00%
Wage inflation	3.50%
Salary increases	4.75%, average, including inflation
Discount rate	2.06% (12/31/2021 Bond Buyer Municipal Bond Index AA) 2.12% (12/31/2020 Bond Buyer Municipal Bond Index AA)

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

Changes in the Total OPEB Liability of the Township

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2020	\$ 2,370,456	\$ -	\$ 2,370,456
Service cost	143,845	-	143,845
Interest	53,265	-	53,265
Differences between expected and actual experience	180,183	-	180,183
Contributions			
Employer	-	3,584	(3,584)
Benefit payments	(3,584)	(3,584)	-
NET CHANGES	<u>373,709</u>	<u>-</u>	<u>373,709</u>
Balances at December 31, 2021	<u>\$ 2,744,165</u>	<u>\$ -</u>	<u>\$ 2,744,165</u>

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Sensitivity of the total OPEB liability to changes in the discount rate - The following represents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.06%) or 1-percentage point higher (3.06%) than the current discount rate:

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Total OPEB liability	\$ <u>2,999,341</u>	\$ <u>2,744,165</u>	\$ <u>2,510,569</u>

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

	1% Decrease	Current Medical Inflation Rate	1% Increase
Total OPEB liability	\$ <u>2,549,331</u>	\$ <u>2,744,165</u>	\$ <u>2,962,245</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2021, the Township recognized OPEB expense of \$206,071. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ <u>288,055</u>	\$ <u>166,496</u>

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

LIMERICK TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

Year Ending
December 31,

2022	\$	8,961
2023		8,961
2024		8,961
2025		8,961
2026		8,961
Thereafter		76,754

NOTE L - CONTINGENCIES

Contingent Liabilities

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

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

NOTE M - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

LIMERICK TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 202

	Budgeted Amounts			Variance	
	Original	Final	Actual	Favorable	(Unfavorable)
REVENUES					
Taxes	\$ 8,580,500	\$ 9,799,500	\$ 10,010,185	\$ 210,685	
Fees, licenses and permits	964,690	1,411,480	1,436,035	24,555	
Interest and rents	50,000	14,400	13,413	(987)	
Intergovernmental revenues	602,448	648,272	622,472	(25,800)	
Fines, forfeits and costs	57,500	53,000	56,226	3,226	
Other	102,879	115,979	120,011	4,032	
TOTAL REVENUES	<u>10,358,017</u>	<u>12,042,631</u>	<u>12,258,342</u>	<u>215,711</u>	
EXPENDITURES					
General government	2,164,985	2,191,668	2,096,058	95,610	
Public safety	7,417,412	6,804,802	6,735,663	69,139	
Public works	2,409,600	2,235,453	2,172,413	63,040	
Miscellaneous	244,300	232,050	190,044	42,006	
TOTAL EXPENDITURES	<u>12,236,297</u>	<u>11,463,973</u>	<u>11,194,178</u>	<u>269,795</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,878,280)</u>	<u>578,658</u>	<u>1,064,164</u>	<u>485,506</u>	
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,800,000	-	392	392	
Operating transfers out	(634,365)	(578,658)	(565,748)	12,910	
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,165,635</u>	<u>(578,658)</u>	<u>(565,356)</u>	<u>13,302</u>	
NET CHANGE IN FUND BALANCE	<u>(712,645)</u>	<u>-</u>	<u>498,808</u>	<u>498,808</u>	
FUND BALANCE AT BEGINNING OF YEAR	<u>7,669,496</u>	<u>7,669,496</u>	<u>7,669,496</u>	<u>-</u>	
FUND BALANCE AT END OF YEAR	\$ <u>6,956,851</u>	\$ <u>7,669,496</u>	\$ <u>8,168,304</u>	\$ <u>498,808</u>	

See accompanying notes to the budgetary comparison schedule.

LIMERICK TOWNSHIP

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2021

NOTE A - BUDGET POLICY

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

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2021, there were no expenditures that exceeded appropriations in the General Fund object levels (the legal level of budgetary control).

LIMERICK TOWNSHIP

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

	2021	2020
TOTAL PENSION LIABILITY		
Service cost	\$ 386,361	\$ 360,492
Interest	818,788	758,482
Differences between expected and actual experience	(391,468)	(187,502)
Changes of assumptions	651,219	-
Benefit payments	<u>(134,266)</u>	<u>(116,816)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,330,634	814,656
Total pension liability, beginning	<u>10,974,396</u>	<u>10,159,740</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 12,305,030</u>	<u>\$ 10,974,396</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 601,826	\$ 606,688
Member	68,704	65,970
Net investment income	1,537,199	1,278,129
Benefit payments, including refunds of member contributions	(134,266)	(116,816)
Administrative expense	<u>(35,818)</u>	<u>(27,819)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,037,645	1,806,152
Plan fiduciary net position, beginning	<u>10,712,557</u>	<u>8,906,405</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 12,750,202</u>	<u>\$ 10,712,557</u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ (445,172)</u>	<u>\$ 261,839</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY		
	<u>103.62%</u>	<u>97.61%</u>
COVERED PAYROLL	<u>\$ 3,267,714</u>	<u>\$ 3,340,422</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>-13.62%</u>	<u>7.84%</u>

NOTES TO SCHEDULE

Assumption changes: For the January 1, 2015 valuation, the interest rate was lowered from 8.0% to 7.75%. For the January 1, 2017 valuation, the interest rate used was decreased from 7.75% to 7.25%. For the January 1, 2019 valuation, the interest rate used was increased from 7.25% to 7.75%. For the January 1, 2021 valuation, the interest rate used was decreased from 7.75% to 6.75%.

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

	2019	2018	2017	2016	2015	2014
\$	373,083 693,317	\$ 329,797 636,041	\$ 327,521 524,006	\$ 246,047 502,435	\$ 243,761 459,281	\$ 236,746 408,015
	(38,159)	(117,027)	246,892 527,043	(7,796)	(213,278) 142,297	7,390
	(116,816)	(87,344)	(77,521)	(77,521)	(77,521)	(67,939)
	911,425 9,248,315	761,467 8,486,848	1,547,941 6,938,907	663,165 6,275,742	554,540 5,721,202	584,212 5,136,990
\$	<u>10,159,740</u>	<u>\$ 9,248,315</u>	<u>\$ 8,486,848</u>	<u>\$ 6,938,907</u>	<u>\$ 6,275,742</u>	<u>\$ 5,721,202</u>
\$	519,135 66,388 1,510,879	\$ 487,259 63,964 (465,745)	\$ 359,685 58,478 903,106	\$ 358,489 41,450 355,286	\$ 345,036 23,850 (12,005)	\$ 327,874 21,729 215,890
	(116,816) (26,067)	(87,344) (24,569)	(77,521) (24,757)	(77,521) (21,207)	(77,521) (19,167)	(67,939) -
	1,953,519 6,952,886	(26,435) 6,979,321	1,218,991 5,760,330	656,497 5,103,833	260,193 4,843,640	497,554 4,346,086
\$	<u>8,906,405</u>	<u>\$ 6,952,886</u>	<u>\$ 6,979,321</u>	<u>\$ 5,760,330</u>	<u>\$ 5,103,833</u>	<u>\$ 4,843,640</u>
\$	<u>1,253,335</u>	<u>\$ 2,295,429</u>	<u>\$ 1,507,527</u>	<u>\$ 1,178,577</u>	<u>\$ 1,171,909</u>	<u>\$ 877,562</u>
	<u>87.66%</u>	<u>75.18%</u>	<u>82.24%</u>	<u>83.01%</u>	<u>81.33%</u>	<u>84.66%</u>
\$	<u>3,110,791</u>	<u>\$ 3,215,481</u>	<u>\$ 2,867,795</u>	<u>\$ 2,685,827</u>	<u>\$ 2,248,910</u>	<u>\$ 2,259,199</u>
	<u>40.29%</u>	<u>71.39%</u>	<u>52.57%</u>	<u>43.88%</u>	<u>52.11%</u>	<u>38.84%</u>

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

	2021	2020
ACTUARILY DETERMINED CONTRIBUTION	\$ 601,826	\$ 606,688
CONTRIBUTIONS IN RELATION TO THE ACTUARILY DETERMINED CONTRIBUTION	<u>601,826</u>	<u>606,688</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 3,267,714</u>	<u>\$ 3,340,422</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>18.42%</u>	<u>18.16%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	7 years
Asset valuation method	Market Value
Inflation	3%
Salary increases	4.50% average annual increase
Investment rate of return	6.75%
Retirement age	Age 52 with 27 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

2019	2018	2017	2016	2015	2014
\$ 519,135	\$ 487,259	\$ 359,685	\$ 358,489	\$ 345,036	\$ 327,874
<u>519,135</u>	<u>487,259</u>	<u>359,685</u>	<u>358,489</u>	<u>345,036</u>	<u>327,874</u>
\$ <u> -</u>					
\$ 3,110,791	\$ 3,215,481	\$ 2,867,795	\$ 2,685,827	\$ 2,248,910	\$ 2,259,199
<u>16.69%</u>	<u>15.15%</u>	<u>12.54%</u>	<u>13.35%</u>	<u>15.34%</u>	<u>14.51%</u>

January 1, 2019

January 1, 2017

January 1, 2015

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

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

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

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

	2021	2020
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.00%</u>	<u>13.56%</u>

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

2019	2018	2017	2016	2015	2014
21.19%	(6.69%)	15.28%	6.99%	(0.52%)	5.82%

LIMERICK TOWNSHIP

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

	2021	2020
TOTAL PENSION LIABILITY		
Service cost	\$ 97,000	\$ 94,195
Interest	323,918	305,112
Differences between expected and actual experience	(43,540)	(27,050)
Changes of assumptions	243,919	-
Benefit payments	<u>(116,660)</u>	<u>(114,683)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	504,637	257,574
Total pension liability, beginning	<u>4,429,168</u>	<u>4,171,594</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>4,933,805</u>	<u>4,429,168</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 165,941	\$ 171,078
Member	-	-
Net investment income	681,019	580,047
Benefit payments, including refunds of member contributions	(116,660)	(114,683)
Administrative expense	<u>(20,940)</u>	<u>(15,628)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	709,360	620,814
Plan fiduciary net position, beginning	<u>4,791,878</u>	<u>4,171,064</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>5,501,238</u>	<u>4,791,878</u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u>(567,433)</u>	<u>(362,710)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>111.50%</u>	<u>108.19%</u>
COVERED PAYROLL	<u>\$ 1,163,647</u>	<u>\$ 1,096,377</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>-48.76%</u>	<u>-33.08%</u>

NOTES TO SCHEDULE

Assumption changes: For the January 1, 2015 valuation, the interest rate was lowered from 8.0% to 7.75%. For the January 1, 2017 valuation, the interest rate used was decreased from 7.75% to 7.25%. For the January 1, 2019 valuation, the interest rate used was increased from 7.25% to 7.75%. For the January 1, 2021 valuation, the interest rate used was decreased from 7.75% to 6.75%.

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

2019	2018	2017	2016	2015	2014
\$ 91,939 288,423	\$ 91,111 272,056	\$ 92,977 258,909	\$ 99,798 257,849	\$ 97,018 233,848	\$ 98,606 215,189
(37,742)	(22,002)	(235,283) 163,695	(35,402)	(30,191) 68,457	(30,030)
(114,683)	(117,780)	(76,423)	(66,276)	(58,150)	(52,750)
227,937 3,943,657	223,385 3,720,272	203,875 3,516,397	255,969 3,260,428	310,982 2,949,446	231,015 2,718,431
<u>\$ 4,171,594</u>	<u>\$ 3,943,657</u>	<u>\$ 3,720,272</u>	<u>\$ 3,516,397</u>	<u>\$ 3,260,428</u>	<u>\$ 2,949,446</u>
\$ 143,176 - 743,340	\$ 142,413 - (231,417)	\$ 124,859 - 484,197	\$ 135,286 - 200,910	\$ 147,141 - (5,830)	\$ 133,479 - 141,082
(114,683) (15,264)	(117,780) (15,025)	(76,423) (16,640)	(66,276) (14,417)	(58,150) (13,070)	(52,750) (16,536)
756,569 3,414,495	(221,809) 3,636,304	515,993 3,120,311	255,503 2,864,808	70,091 2,794,717	205,275 2,589,442
<u>\$ 4,171,064</u>	<u>\$ 3,414,495</u>	<u>\$ 3,636,304</u>	<u>\$ 3,120,311</u>	<u>\$ 2,864,808</u>	<u>\$ 2,794,717</u>
\$ 530	\$ 529,162	\$ 83,968	\$ 396,086	\$ 395,620	\$ 154,729
<u>99.99%</u>	<u>86.58%</u>	<u>97.74%</u>	<u>88.74%</u>	<u>87.87%</u>	<u>94.75%</u>
\$ 1,100,685	\$ 1,127,059	\$ 1,147,860	\$ 1,101,065	\$ 1,363,192	\$ 1,326,883
0.05%	46.95%	7.32%	35.97%	29.02%	11.66%

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

	<u>2021</u>	<u>2020</u>
ACTUARILY DETERMINED CONTRIBUTION	\$ 165,941	\$ 171,078
CONTRIBUTIONS IN RELATION TO THE ACTUARILY DETERMINED CONTRIBUTION	<u>165,941</u>	<u>171,078</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u> -</u>	\$ <u> -</u>
COVERED PAYROLL	<u>\$ 1,163,647</u>	<u>\$ 1,096,377</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>14.26%</u>	<u>15.60%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	0 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.00% average annual increase
Investment rate of return	6.75%
Retirement age	Normal retirement age
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

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

2019	2018	2017	2016	2015	2014
\$ 143,176	\$ 142,413	\$ 124,859	\$ 135,286	\$ 147,141	\$ 133,479
<u>143,176</u>	<u>142,413</u>	<u>124,859</u>	<u>135,286</u>	<u>147,141</u>	<u>133,479</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,100,685</u>	<u>\$ 1,127,059</u>	<u>\$ 1,147,860</u>	<u>\$ 1,101,065</u>	<u>\$ 1,363,192</u>	<u>\$ 1,326,883</u>
<u>13.01%</u>	<u>12.64%</u>	<u>10.88%</u>	<u>12.29%</u>	<u>10.79%</u>	<u>10.06%</u>

January 1, 2019

January 1, 2017

January 1, 2015

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

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

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

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

	2021	2020
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u><u>14.10%</u></u>	<u><u>13.94%</u></u>

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

2019	2018	2017	2016	2015	2014
21.20%	(6.78%)	15.38%	7.04%	(0.52%)	5.58%

LIMERICK TOWNSHIP

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

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service cost	\$ 143,845	\$ 144,604	\$ 109,445	\$ 124,756
Interest	53,265	65,680	83,200	68,124
Differences between expected and actual experience	180,183	(89,030)	150,503	(119,919)
Benefit payments	(3,584)	(6,559)	(14,424)	(3,057)
NET CHANGE IN TOTAL OPEB LIABILITY	373,709	114,695	328,724	69,904
TOTAL OPEB LIABILITY, BEGINNING	<u>2,370,456</u>	<u>2,255,761</u>	<u>1,927,037</u>	<u>1,857,133</u>
TOTAL OPEB LIABILITY, ENDING	\$ <u>2,744,165</u>	\$ <u>2,370,456</u>	\$ <u>2,255,761</u>	\$ <u>1,927,037</u>
COVERED PAYROLL	\$ <u>3,335,575</u>	\$ <u>3,340,422</u>	\$ <u>2,748,895</u>	\$ <u>2,896,398</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>82.27%</u>	<u>70.96%</u>	<u>82.06%</u>	<u>66.53%</u>

NOTES TO SCHEDULE

Discount rate changes: For the January 1, 2021 valuation, the discount rate was lowered from 2.12% to 2.06%.

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

SUPPLEMENTARY INFORMATION SECTION

LIMERICK TOWNSHIP

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Highway Aid Fund	Community Development Block Grant Fund
ASSETS		
Cash and cash equivalents	\$ 230,169	\$ -
Receivables, taxes and other	-	-
Due from other funds	-	-
Prepaid expenses	-	-
TOTAL ASSETS	<u><u>\$ 230,169</u></u>	<u><u>\$ -</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	-	-
FUND BALANCES		
Nonspendable	-	-
Restricted for		
Road and street improvements	230,169	-
Fire protection	-	-
CDBG grants	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u><u>230,169</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 230,169</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Recreation Fund	Fire Protection Fund	Total Governmental Funds
\$ 54,590	\$ 329,020	\$ 613,779
1,502	8,877	10,379
-	164,823	164,823
<u>5,245</u>	<u>35,875</u>	<u>41,120</u>
<u>\$ 61,337</u>	<u>\$ 538,595</u>	<u>\$ 830,101</u>
 \$ 59,815	 \$ 102,097	 \$ 161,912
 60	 -	 60
5,245	35,875	41,120
-	-	230,169
-	400,623	400,623
-	-	-
<u>(3,783)</u>	<u>-</u>	<u>(3,783)</u>
<u>1,462</u>	<u>436,498</u>	<u>668,129</u>
 <u>\$ 61,337</u>	 <u>\$ 538,595</u>	 <u>\$ 830,101</u>

LIMERICK TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2021

	Highway Aid Fund	Community Development Block Grant Fund
REVENUES		
Taxes	\$ -	\$ -
Interest and rents	1,520	-
Intergovernmental revenues	585,735	-
Program revenues	-	-
TOTAL REVENUES	587,255	-
EXPENDITURES		
General government	-	-
Public safety	149,441	-
Public works	713,435	-
Miscellaneous	-	-
Culture and recreation	-	-
TOTAL EXPENDITURES	862,876	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(275,621)	-
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	-
Operating transfers out	-	(392)
TOTAL OTHER FINANCING SOURCES (USES)	-	(392)
NET CHANGE IN FUND BALANCES	(275,621)	(392)
FUND BALANCES AT BEGINNING OF YEAR	505,790	392
FUND BALANCES AT END OF YEAR	\$ 230,169	\$ -

See accompanying notes to the basic financial statements.

Recreation Fund	Fire Protection Fund	Total Other Governmental Funds
\$ 110,283	\$ 643,569	\$ 753,852
-	928	2,448
-	138,903	724,638
467,909	-	467,909
<u>578,192</u>	<u>783,400</u>	<u>1,948,847</u>
852	4,839	5,691
-	840,380	989,821
-	-	713,435
-	6,732	6,732
1,082,751	-	1,082,751
<u>1,083,603</u>	<u>851,951</u>	<u>2,798,430</u>
<u>(505,411)</u>	<u>(68,551)</u>	<u>(849,583)</u>
509,748	220,823	730,571
<u>-</u>	<u>-</u>	<u>(392)</u>
<u>509,748</u>	<u>220,823</u>	<u>730,179</u>
4,337	152,272	(119,404)
<u>(2,875)</u>	<u>284,226</u>	<u>787,533</u>
\$ <u>1,462</u>	\$ <u>436,498</u>	\$ <u>668,129</u>

LIMERICK TOWNSHIP

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2021

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ASSETS			
Cash, restricted	\$ 310,783	\$ 145,923	\$ 456,706
Investments, restricted	<u>12,445,419</u>	<u>5,349,315</u>	<u>17,794,734</u>
TOTAL ASSETS	12,756,202	5,495,238	18,251,440
LIABILITIES			
Due to (from) other funds	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
NET POSITION			
Restricted for pensions	<u>\$ 12,750,202</u>	<u>\$ 5,501,238</u>	<u>\$ 18,251,440</u>

See accompanying notes to the basic financial statements.

LIMERICK TOWNSHIP

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	\$ 189,260	\$ 103,576	\$ 292,836
Employee	68,704	-	68,704
State allocation	<u>412,566</u>	<u>62,365</u>	<u>474,931</u>
TOTAL CONTRIBUTIONS	<u>670,530</u>	<u>165,941</u>	<u>836,471</u>
Income from investments			
Net appreciation in fair value of investments	1,572,019	703,854	2,275,873
Net investment income (loss)	<u>(34,820)</u>	<u>(22,835)</u>	<u>(57,655)</u>
TOTAL INCOME FROM INVESTMENTS	<u>1,537,199</u>	<u>681,019</u>	<u>2,218,218</u>
Investment expense	<u>(35,818)</u>	<u>(20,940)</u>	<u>(56,758)</u>
INVESTMENT INCOME, net	<u>1,501,381</u>	<u>660,079</u>	<u>2,161,460</u>
TOTAL ADDITIONS	<u>2,171,911</u>	<u>826,020</u>	<u>2,997,931</u>
DEDUCTIONS			
Benefits	<u>134,266</u>	<u>116,660</u>	<u>250,926</u>
CHANGE IN NET POSITION	<u>2,037,645</u>	<u>709,360</u>	<u>2,747,005</u>
NET POSITION AT BEGINNING OF YEAR	<u>10,712,557</u>	<u>4,791,878</u>	<u>15,504,435</u>
NET POSITION AT END OF YEAR	\$ <u>12,750,202</u>	\$ <u>5,501,238</u>	\$ <u>18,251,440</u>

See accompanying notes to the basic financial statements.

***Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards***

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Limerick Township for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Limerick Township's basic financial statements, and have issued our report thereon dated June 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Limerick Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Limerick Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Limerick Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Limerick Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mailie LLP

Limerick, Pennsylvania
June 3, 2022

***Independent Auditors' Report on Compliance for Each Major Federal Program;
and Report on Internal Control Over Compliance in Accordance With the
Uniform Guidance***

To the Board of Supervisors
Limerick, Township
Limerick, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Limerick Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Limerick Township's major federal programs for the year ended December 31, 2021. Limerick Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Limerick Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Limerick Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Limerick Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Limerick Township's federal programs.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Limerick Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Limerick Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Limerick Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Limerick Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Limerick Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Supervisors
Limerick Township
Limerick, Pennsylvania

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Limerick, Pennsylvania
June 3, 2022

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

LIMERICK TOWNSHIP**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Project Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through PA Department of Transportation Highway Planning and Construction Cluster	20.205	R19060007	\$ 1,109,631	\$ -
U.S. DEPARTMENT OF JUSTICE				
Emergency Law Enforcement Assistance Grant	16.824	N/A	11,102	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,120,733	\$ -

LIMERICK TOWNSHIP

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **DECEMBER 31, 2021**

NOTE A - REPORTING ENTITY

Limerick Township is the reporting entity for financial reporting purposes as defined in Note A of Limerick Township's financial statements.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Limerick Township under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Limerick Township, it is not intended to and does not present the financial position, change in net position, or cash flows of Limerick Township.

NOTE C - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Township's federal award program presented using the modified accrual basis of accounting as described in the financial statements.

The Township has not elected to use the 10% de minimis indirect cost rate as discussed in 2 CFR 200.414(f).

LIMERICK TOWNSHIP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2021

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Limerick Township.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Limerick Township were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance; in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major award programs for Limerick Township expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs include:

Program	ALN
Highway Planning and Construction Cluster	20.205
8. The threshold used for distinguishing Types A and B programs was \$750,000.	
9. Limerick Township was determined not to be a low-risk auditee.	

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None