



UPPER DARBY TOWNSHIP
Financial Statements
December 31, 2024
With Independent Auditors' Report



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Upper Darby Township
Table of Contents
December 31, 2024

Independent Auditors' Report	1-4
Management's Discussion And Analysis	5-18
Basic Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Balance Sheet – Governmental Funds	21
Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities on the Statement of Activities	24
Statements of Net Position – Fiduciary Funds	25
Statements of Changes in Net Position – Fiduciary Funds	26
Notes to Financial Statements	27-61
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	62-63
Budgetary Comparison Schedule – Sewer Fund	64
Schedule of Changes in Police Net Pension Plan Liability	65
Schedule of Police Pension Plan Contributions	66
Schedule of Police Pension Plan Investment Returns	67
Schedule of Changes in Municipal Employees Net Pension Plan Liability	68
Schedule of Municipal Employees Pension Plan Contributions	69
Schedule of Municipal Employees Pension Plan Investment Returns	70
Schedule of Changes in Firefighters Net Pension Plan Liability	71
Schedule of Firefighters Pension Plan Contributions	72
Schedule of Firefighters Pension Plan Investment Returns	73
Schedule of Changes in OPEB Liability	74

Upper Darby Township
Table of Contents
December 31, 2024

Supplementary Information

Combining Balance Sheet – Capital Project Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	76
Combining Balance Sheet – Nonmajor Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds	78
Combining Statement of Net Position – Fiduciary Funds	79
Combining Statement of Changes in Net Position – Fiduciary Funds	80
Budgetary Comparison Schedule – Debt Service Fund	81
Budgetary Comparison Schedule – Highway Aid Fund	82

Other Information

Ten Year Summary of Real Estate Taxes	83
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Single Audit

Schedule of Expenditures of Federal Awards	84
Notes to Schedule of Expenditures of Federal Awards	85
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 <i>Government Auditing Standards</i>	86-87
Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	88-90
Schedule of Findings and Questioned Costs	91-94



INDEPENDENT AUDITORS' REPORT

Township Mayor and Members of Council
Upper Darby Township

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Darby Township as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Upper Darby Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Darby Township as of December 31, 2024, 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.

We did not audit the financial statements of the Upper Darby Township Sellers Memorial Free Public Library and the Municipal Employees Pension Plan, which represent 100% of the assets and net position and 99% of the revenues of the discretely presented component units and 31% of the assets and net position and 24% of the revenues of the aggregate remaining fund information, respectively. Those statements were audited by other auditors whose report have been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units and the aggregate remaining fund information, are based solely on the report of the other auditors.

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 Upper Darby 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. The audit of the Upper Darby Township Sellers Memorial Free Public Library, a discretely presented component unit, and the Municipal Employees Pension Plan, a pension trust fund, were not performed in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, Upper Darby Township implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024, which represents a change in accounting principles. Accordingly, the net position balance in the government-wide financial statements has been restated as of January 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Upper Darby Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Upper Darby 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 Upper Darby 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as presented in the table of contents, the budgetary comparison schedules, the schedules of changes in net pension liabilities, the schedules of pension contributions, the schedules of pension investment returns and the schedule of changes in the postemployment benefits liability as presented in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Darby Township's basic financial statements. The combining and individual nonmajor fund financial statements, the combining and individual capital fund financial statements, the highway aid fund budgetary comparison schedule, the debt service fund budgetary comparison schedule, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


Management is responsible for the other information in the annual report. The other information comprises the ten year summary of real estate taxes but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Township Mayor and Members of Council
Upper Darby Township

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2025, on our consideration of Upper Darby 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 Upper Darby Township's 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 Upper Darby Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 30, 2025

Upper Darby Township

Management's Discussion and Analysis – Unaudited

December 31, 2024

Management's discussion and analysis ("MD&A") of the financial performance of Upper Darby Township, Upper Darby, Pennsylvania (the "Township") provides an overview of the Township's financial performance for fiscal year ended December 31, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the Township's financial performance.

TOWNSHIP PROFILE

The Township was established in 1736 and is governed by a Mayor and an eleven-member Council pursuant to the Home Rule and Optional Plans Government Law. The Township is located in Delaware County, Pennsylvania, adjacent to the City of Philadelphia and is the sixth largest municipality in the state of Pennsylvania. The Township encompasses 7.8 square miles and has a population of approximately 85,000 residents. The Township provides the following services: general government; public safety – police, fire, codes and planning and zoning; public works – highways and street, sanitation and sewer, parking; culture and recreation – parks, libraries, senior citizens' centers and community development and housing.

The Township has certain of the traits of an urban center as well as those of a residential suburb. The 69th street area is a major commercial and transportation center providing a gateway to Delaware County. The residential character of the Township is evidenced by the surrounding communities.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities, the liabilities and deferred inflows of resources of the Township exceeded assets and deferred outflows of resources resulting in total deficit in net position at the close of the 2024 fiscal year of \$274,523,419. During the 2024 fiscal year, the Township had an increase in total net position of \$35,016,184.
- As of the close of the 2024 fiscal year, the Township's governmental funds reported combined ending fund balances of \$39,720,621, an increase of \$16,188,790 in comparison with the prior year.
- The General Fund reported an increase in fund balance of \$198,444, bringing the cumulative balance to \$12,778,127 or 14.38% of total General Fund expenditures and other financing uses at the conclusion of the 2024 fiscal year.
- General Fund revenues and other financing sources were \$534,923 or 0.51% more than budgeted amounts and General Fund expenditures and other financing uses were \$336,479 or 0.32% more than budgeted amounts resulting in a net positive variance of \$198,444.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

The Statement of Net Position presents information on all of the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Township is improving or deteriorating. To assess the Township's overall health, the reader will need to consider additional nonfinancial factors such as changes in the Township's tax base and the condition of the Township's assets.

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 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 vacation leave).

The government-wide financial statements distinguish the functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the Township's activities are presented within one category.

Governmental Activities

Most of the Township's basic services are included here, such as general administration, public safety, public works, culture and recreation and community development.

Discretely Presented Component Units

The Township includes separate legal entities in its report, the Upper Darby Township Sellers Memorial Free Public Library (the "Library") and the Upper Darby Township Weed and Seed, Inc. Although legally separate, these component units are important because the Township is financially accountable for them. Separate audited financial statements are issued and available for the Library.

The government-wide financial statements can be found on pages 19 and 20 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds. A fund is a group 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 Township's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Most of the Township's basic services are included in the 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 fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be 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 governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Upper Darby Township

Management's Discussion and Analysis – Unaudited

December 31, 2024

The Township maintains seven individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for each of the four major funds and the nonmajor governmental funds.

The Township adopts an annual appropriated budget for its General, Sewer, Debt Service and Highway Aid Funds. A budgetary comparison schedule has been provided for the General, Sewer, Debt Service and Highway Aid Funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 21 through 24 of this report.

Fiduciary Funds

The Township is the trustee, or fiduciary, for its Police Pension Plan, Municipal Employees Pension Plan and Firefighters Pension Plan. Fiduciary funds are not reflected in the government-wide financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 27 through 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedules, schedules concerning the Township's net pension liabilities, pension contributions and pension investment returns and changes in its other post-employment benefits liability, as well as additional analysis which consists of combining and individual fund financial statements and supplemental tax data.

The required supplementary information and additional analysis can be found on pages 62 through 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Township's financial condition. At the close of the 2024 fiscal year the Township's liabilities and deferred inflows exceeded assets and deferred outflows by \$274,523,419. The following table presents condensed information for the *Statement of Net Position* of the Township at December 31, 2024 and 2023.

**Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024**

	<u>2024</u>	<u>2023</u>
Assets		
Current assets	\$ 75,195,048	\$ 76,426,226
Capital assets	<u>51,671,761</u>	<u>49,672,772</u>
Total assets	<u>126,866,809</u>	<u>126,098,998</u>
Deferred outflows of resources	<u>53,172,714</u>	<u>67,539,533</u>
Liabilities		
Current liabilities	14,993,989	35,302,036
Noncurrent liabilities	<u>295,113,608</u>	<u>288,819,911</u>
Total liabilities	<u>310,107,597</u>	<u>324,121,947</u>
Deferred inflows of resources	<u>144,455,345</u>	<u>175,840,385</u>
Net position		
Net investment in capital assets	33,132,723	27,875,677
Restricted	10,496,808	10,952,148
Unrestricted	<u>(318,152,950)</u>	<u>(345,151,626)</u>
Total net position	<u>\$ (274,523,419)</u>	<u>\$ (306,323,801)</u>

The Township's total assets as of December 31, 2024 were \$126,866,809 of which \$48,935,843 or 38.57% consisted of cash and equivalents and \$51,671,761 or 40.73% consisted of the Township's investment in capital assets. The Township's total liabilities as of December 31, 2024 were \$310,107,597 of which \$19,619,860 or 6.33% consisted of general obligation debt used to acquire and construct capital assets, \$40,987,432 or 13.22% consists of the actuarially determined net pension liability and \$227,419,298 or 73.34% consists of the actuarially determined liability for other post-employment benefits.

The Township had a deficit in unrestricted net position of \$318,152,950 at December 31, 2024. The Township's unrestricted net position increased by \$26,998,676 during 2024 primarily due to the current year results from operations and the change in actuarially determined liability for other post-employment benefits and related deferred outflows and inflows.

A portion of the Township's net position reflects its restricted net position which totaled \$10,496,808 as of December 31, 2024. All of the Township's restricted net position relate to the net position of the Township's Debt Service Fund, Sewer Fund, Capital Projects and Highway Aid Fund which have external constraints imposed by grantors, contributors, or enabling legislation.

The largest portion of the Township's net position reflects its net investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to residents of the Township; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2024, the Township's net investment in capital assets increased by \$5,257,046 primarily because capital assets were acquired with funding sources other than long-term debt.

Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024

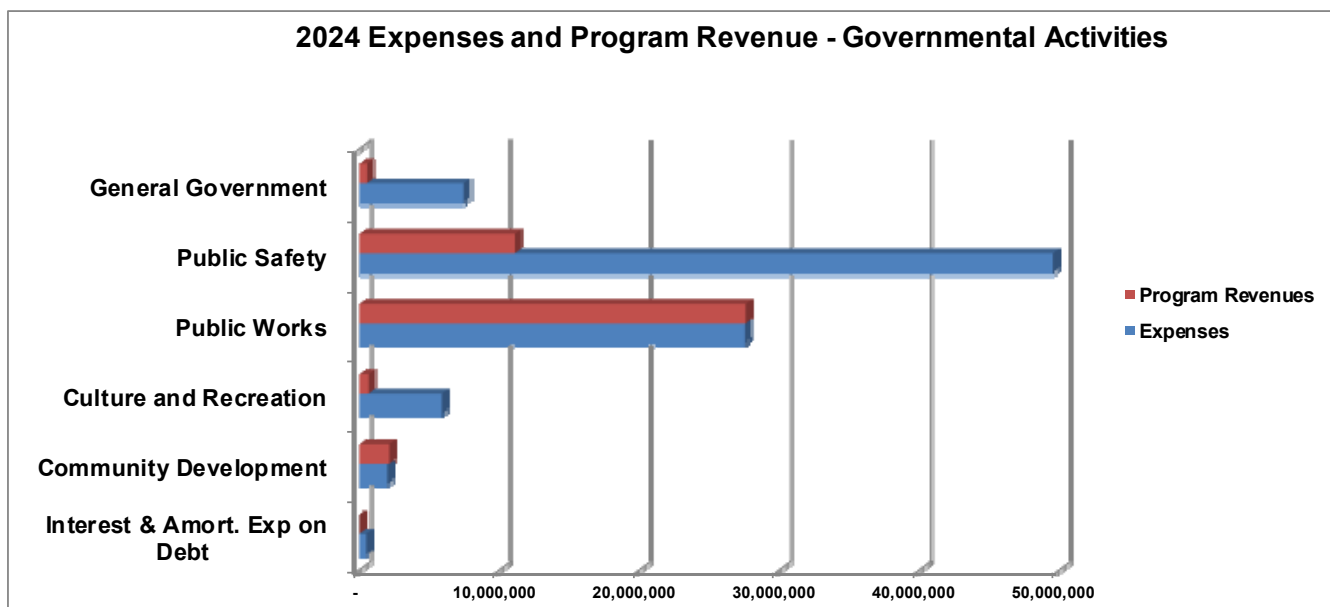
The following table presents condensed information for the *Statement of Activities* of the Township for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Revenues		
Program revenues		
Charges for services	\$ 26,544,290	\$ 29,653,987
Operating grants and contributions	8,521,111	12,266,207
Capital grants and contributions	7,193,766	7,762,798
General revenues		
Real estate taxes	60,686,232	59,766,151
Local enabling taxes	5,636,017	6,007,868
Grants and entitlements not restricted to specific programs	15,537,899	-
Franchise fees	880,434	971,574
Gain on sale of fixed asset	42,568	-
Investment earnings	<u>3,042,812</u>	<u>3,068,133</u>
Total revenues	<u>128,085,129</u>	<u>119,496,718</u>
Expenses		
General government	7,501,802	5,210,132
Public safety	49,498,939	49,792,310
Public works	27,600,011	24,889,122
Culture and recreation	5,920,151	5,150,028
Community development	2,045,036	3,132,685
Interest and amortization expense related to noncurrent liabilities	<u>503,006</u>	<u>524,417</u>
Total expenses	<u>93,068,945</u>	<u>88,698,694</u>
Change in net position	35,016,184	30,798,024
Net position		
Beginning of year, as previously presented	<u>(306,323,801)</u>	<u>(337,121,825)</u>
Prior period adjustment for adoption of new accounting principle	(3,215,802)	-
Beginning balance, as restated	<u>(309,539,603)</u>	<u>(337,121,825)</u>
End of year	<u>\$ (274,523,419)</u>	<u>\$ (306,323,801)</u>

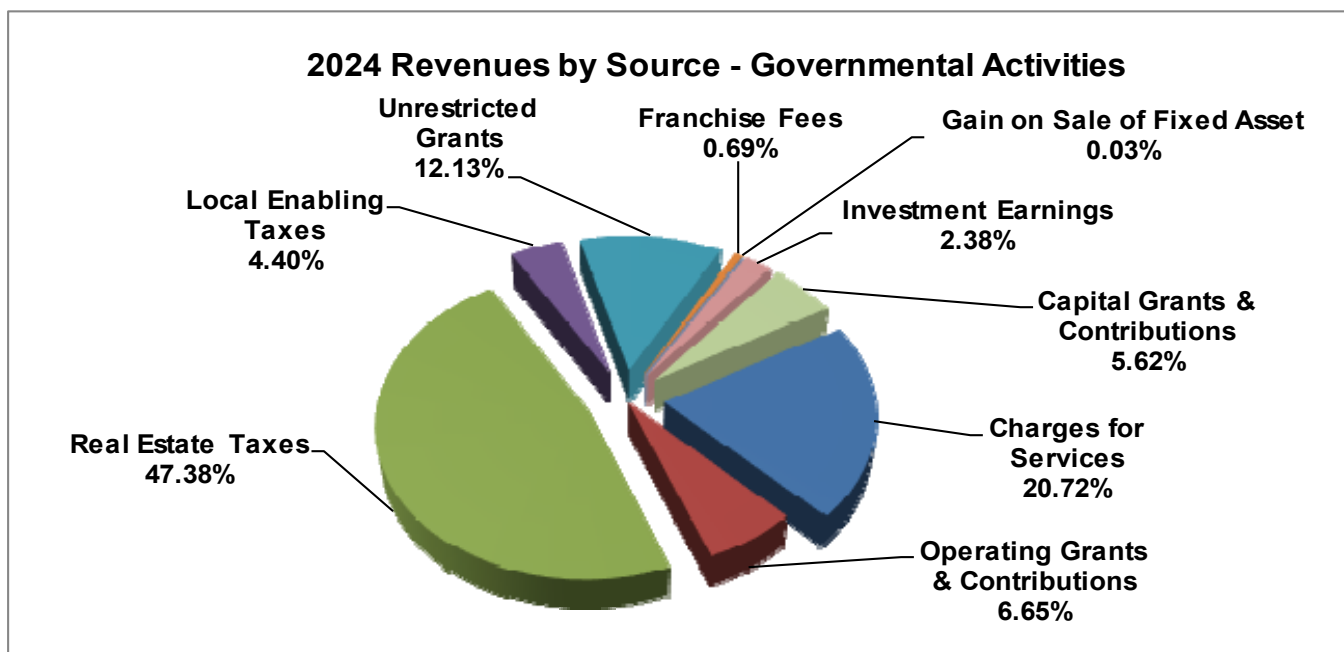
Overall, the Township's financial position has been improving, but challenges such as increased medical costs and pension contributions, rising costs associated with inflation and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the Township continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

The *Statement of Activities* provides detail that focuses on how the Township finances its services. The *Statement of Activities* compares the costs of the Township functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the Township's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.

**Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024**



To the degree that the Township's functions or programs cost more than they raise, the Statement of Activities shows how the Township chose to finance the difference through general revenues. The following chart shows that the Township relies predominantly on tax revenues to finance its governmental activities. Two-thirds of the taxes are property based. These are limited by county dictated assessment rates and the almost fully built out nature of the Township.



GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the Township's major funds. Some funds are required to be established by State statute while other funds are established by the Township to manage monies restricted for a specific purpose. As of December 31, 2024, the Township's governmental funds reported a combined fund balance of \$39,720,621 which is an increase of \$16,188,790 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2024 and 2023 and the total 2024 change in governmental fund balances.

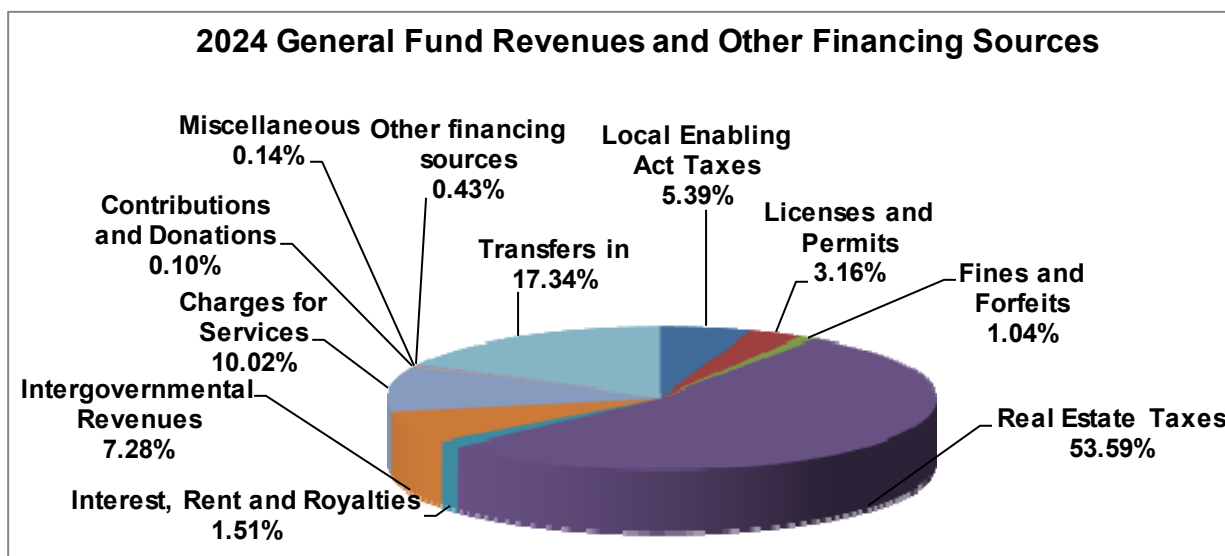
**Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>
General Fund	\$ 12,778,127	\$ 12,579,683	\$ 198,444
Sewer Fund	6,187,110	5,011,533	1,175,577
Capital Projects Fund	16,445,686	2,208,922	14,236,764
Debt Service Fund	4,309,698	3,731,693	578,005
Highway Aid Fund	-	-	-
	<u>\$ 39,720,621</u>	<u>\$ 23,531,831</u>	<u>\$ 16,188,790</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2024 fiscal year the General Fund fund balance was \$12,778,127 representing an increase of \$198,444 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024 fiscal year.

The Township's reliance upon real estate tax revenues is demonstrated by the graph below that indicates 53.59% of General Fund revenues are derived from local taxes.



**Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024**

General Fund Revenues and Other Financing Sources

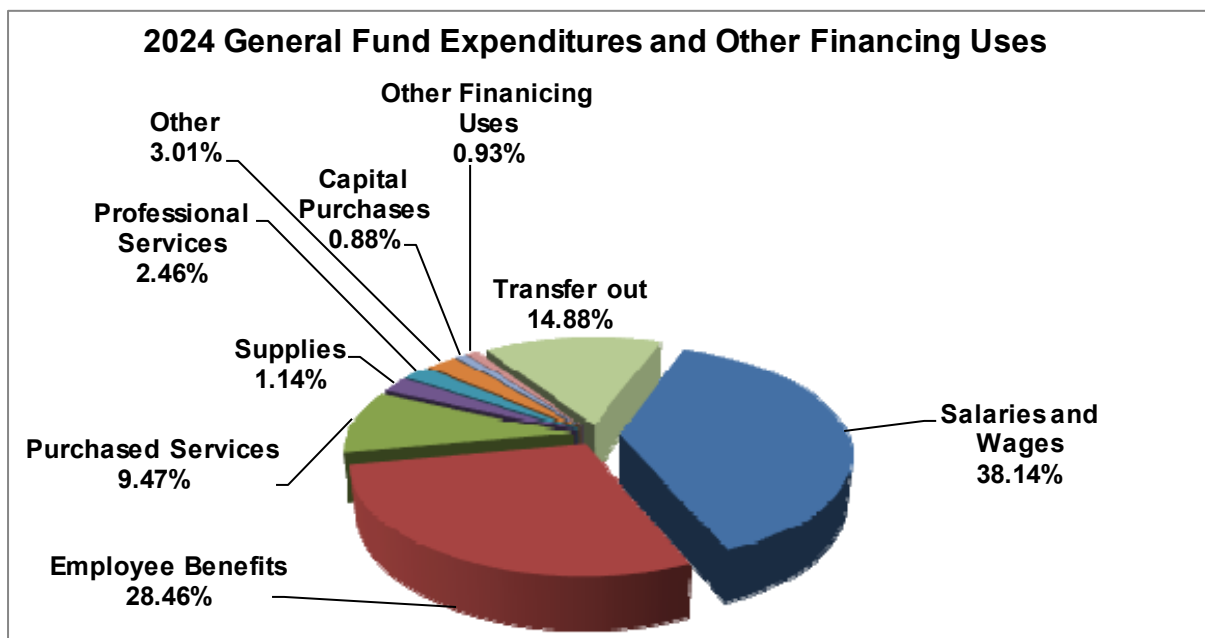
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate taxes	\$ 56,028,851	\$ 55,878,750	\$ 150,101	0.27
Local enabling act taxes	5,636,018	6,007,868	(371,850)	(6.19)
Licenses and permits	3,308,287	2,911,765	396,522	13.62
Fines and forfeits	1,084,350	774,774	309,576	39.96
Interest, rent and royalties	1,576,938	1,234,945	341,993	27.69
Intergovernmental revenues	7,686,704	11,570,131	(3,883,427)	(33.56)
Charges for services	10,472,223	9,766,971	705,252	7.22
Contributions and donations	39,296	93,540	(54,244)	(57.99)
Miscellaneous	147,217	351,935	(204,718)	(58.17)
Other financing sources	449,614	122,034	327,580	268.43
Transfers in	18,129,731	2,853,198	15,276,533	535.42
	<u>\$ 104,559,229</u>	<u>\$ 91,565,911</u>	<u>\$ 12,993,318</u>	<u>14.19</u>

Real estate taxes increased by \$150,101 or 0.27% due to a millage increase from 13.49 mills in 2023 to 13.56 mills in 2024 or 0.52% slightly offset by a decrease in collections.

Interest rent and royalties increased commensurate with an increase in interest rates and amounts on deposit.

Intergovernmental revenues decreased by \$3,953,637 or 34.17% primarily due to a decrease in revenue received from reimbursable federal grants in the General Fund.

As the graph below illustrates, the largest portion of General Fund expenditures is for salaries and benefits. The Township is a service entity and as such is labor intensive.



**Upper Darby Township
Management's Discussion and Analysis – Unaudited
December 31, 2024**

General Fund Expenditures and Other Financing Uses

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 39,800,907	\$ 38,464,588	\$ 1,336,319	3.47
Employee benefits	29,696,770	27,407,579	2,289,191	8.35
Purchased services	9,887,473	10,661,660	(774,187)	(7.26)
Supplies	2,494,186	955,106	1,539,080	161.14
Professional services	2,310,029	2,060,803	249,226	12.09
Other	2,754,481	2,471,441	283,040	11.45
Capital purchases	919,776	1,761,851	(842,075)	(47.79)
Other financing uses	969,265	84,370	884,895	1,048.83
Transfers out	15,527,898	-	15,527,898	100.00
	<u>\$ 104,360,785</u>	<u>\$ 83,867,398</u>	<u>\$ 20,493,387</u>	<u>24.44</u>

Salaries and wages increased by \$1,336,319 or 3.47% in 2024 compared to 2023 related to salary increases associated with the Township's collective bargaining agreements for police, firefighters, public works and office and professional staff as well as increases for other staff.

Employee benefits increased by \$2,289,191 or 8.35% in 2024 compared to 2023 as direct result of increases related to the Township's minimum municipal obligation to fund its pensions and an increase in health care insurance premiums.

Supplies increased by \$1,539,080 or 161.14% in 2024 compared to 2023 primarily due to a increase in grant related expenditure through the PA Department of Crime and Delinquency: Law Enforcement Support Grant for a records management system for the Police Department and for necessary equipment, including turnout gear for the Fire Department.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources committed and restricted to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment. The Capital Projects Fund is primarily funded through the issuance of general obligation debt and transfers from the General Fund. During 2024, the Capital Projects Fund fund balance increased by \$14,236,764 due to a transfer from the General Fund for a cumulative balance of \$16,445,686 as of December 31, 2024, which is committed and restricted for future capital purchases.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the Township's outstanding general obligation debt. Real estate taxes are levied during the year to finance debt service payments as they become due. As of December 31, 2024, the Debt Service Fund reported a fund balance of \$1,149,438 which is a decrease of \$226,221 from the prior year. This was due to debt service maturities in excess of current year real estate tax revenue.

ARPA FUND

The ARPA Fund accounts for the Township's appropriation through the American Rescue Plan Act totaling \$41,761,940. ARPA appropriations are deferred and recognized as revenue when the related expenditures are incurred. During 2024, the Township's deferred appropriation decreased by \$21,631,638 and totaled \$38,363,787 as of December 31, 2024. The decrease represents amounts recognized for \$16,337,898 as part of the grant's provision for revenue loss and \$6,093,739 in expenditures towards investments in the Township's infrastructure, equipment and vehicles and community grants to local nonprofit organizations.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

SEWER FUND

The Sewer Fund accounts for financial resources restricted to be used to account for the operation of a wastewater collection and treatment system for Township residents and surrounding communities. The Sewer Fund is funded through an annual assessment to Township residents and participating municipalities. During 2024, the Sewer Fund fund balance increased by \$1,175,577 for a cumulative balance of \$6,187,110 as of December 31, 2024 which is restricted for future operations.

HIGHWAY AID FUND

The Highway Aid Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects. During 2024, the Highway Aid Fund fund balance increased by \$804,226 for a cumulative balance of \$3,160,260 as of December 31, 2024.

GENERAL FUND BUDGET INFORMATION

The Township maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Township budgets and expends funds according to procedures mandated by its Home Rule Charter. An annual operating budget is prepared by management and submitted to the Township Council for approval prior to the beginning of the fiscal year on January 1. The most significant budgeted fund is the General Fund.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 62 and 63. The Budgetary Comparison Schedule – General Fund shows the original budget, final budget and actual revenues, expenditures and other financing sources for the fiscal year.

General Fund revenues and other financing sources were \$534,923 or 0.51% more than budgeted amounts and General Fund expenditures and other financing uses were \$336,479 or 0.32% more than budgeted amounts resulting in a net positive variance of \$198,444. Major budget highlights for 2024 were as follows:

Real estate tax collections were \$2,077,652 less than budgeted amounts due to lower than anticipated collections during the year and a higher lien rate.

Intergovernmental revenues were \$2,066,591 more than budgeted amounts due to more than anticipated revenues for the Township's appropriation from the Commonwealth of Pennsylvania for its state pension aid and unbudgeted competitive grants for Township projects and investments.

Police expenditures were \$1,237,120 more than budgeted due to an unbudgeted grant expense for a PA Department of Crime and Delinquency Law Enforcement Support Grant and overtime and other wages unanticipated during the budget process.

CAPITAL ASSETS

The Township's investment in capital assets as of December 31, 2024, amounted to \$51,671,761, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment, vehicles and right-to-use lease assets and subscriptions. The total net increase in the Township's investment in capital assets for 2024 was \$1,998,989 or 4.02%. The increase was the result of current year capital additions in excess of depreciation and the net book value of disposed of capital assets.

Current year capital additions were \$7,544,256, depreciation and amortization expense was \$3,764,870 and the net book value of disposed capital assets was \$1,780,397.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

Major capital additions for the current fiscal year included the following:

Cobbs Creek Interceptor Lining	\$ 2,187,743
Squad 26 Fire Engine	771,682
3 Freightliner Trash Trucks	703,287
2023 Storm Sewer Re-lining- Insituform	445,500
Purchase of 7260 W. Chester Pike	375,000
Police Department Renovations	341,771
Colleenbrook Farm Renovation	312,501

NONCURRENT LIABILITIES

As of December 31, 2024, the Township had total general obligation debt of \$19,619,860 consisting of \$18,965,000 in bonds payable and \$654,860 in bond premiums. The entire amount is backed by the full faith and credit of the Township. General obligation debt was primarily issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The total net decrease in the Township's general obligation debt for the current fiscal year was \$1,521,260 or 7.20%.

The Township reports its defined benefit unfunded net pension liability related to its three pension plans and its liability for post-employment benefits on its Statement of Net Position. The Township's unfunded net pension liability and net liability for postemployment benefits are actuarially determined liabilities and totaled \$40,987,432 and \$227,419,298, respectively, as of December 31, 2024. The net pension liability decreased by \$10,533,803 or 13.22% primarily due to positive market performance during the current year while the post-employment benefits liability increased by \$18,099,503 or 8.65%.

Other noncurrent liabilities consist of the Township's liability for compensated absences, and leases and subscriptions payable which totaled \$7,087,018 as of December 31, 2024. These liabilities decreased by \$2,966,545 or 29.51% during the current year.

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

According to the 2020 U.S. Census, the Township has a population of 85,681. Its population makes it one of the largest municipalities in the Commonwealth. The population of Upper Darby Township is highly diverse, speaking over 100 languages, and is referred to as the "World in One Place". The Township owns 128 miles of roads, 8 vehicular bridges and 11 pedestrian bridges, 41 parks, and multiple municipal buildings. The Township is also the primary funding source of three libraries in the Township and oversees meal and recreation services to seniors at the Watkins Avenue Senior Center. The Township government is also responsible for providing public safety coverage, residential refuse collection, street, park, sewer, and stormwater maintenance, and code and parking enforcement.

The Township is home to successful businesses of different sizes, types, and customer bases that provide employment opportunities; shopping, dining, and entertainment experiences; and economic activity. The Township sits seven miles from Philadelphia International Airport and the 30th Street Amtrak Station. Multi-modal transportation connections are a competitive advantage for Upper Darby, where residents and commuters use the road networks, trains, trolleys and buses for leisure and business.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

Like many Pennsylvania municipalities, the Township has a structural deficit where recurring expenditures grow faster than recurring revenues. The General Fund is the primary means for funding police, fire, and most daily services other than those for sewer and road maintenance. The Township uses a Debt Service Fund to receive a portion of its real estate tax revenue and then make annual payments for its debt service. The Township depends heavily on real estate tax revenue to fund its daily operations and cover its scheduled debt maturities. While it is not unusual for a Pennsylvania municipality to receive a large portion of revenue from the real estate tax, the Township is more reliant on this source of revenue than other large municipalities because the Township did not levy a wage or earned income tax ("EIT") on its residents or commuters who work in the Township through the 2024 budget year. In September 2024, the Township Council voted to approve the implementation of 1% EIT effective January 1, 2025. However, the Ordinance was repealed before the end of the year by Council due to a procedural challenge. The Mayor has committed to bringing it forward in 2025.

The Township has adopted a balanced 2025 General Fund budget totaling \$97,763,071, the real estate tax millage rate for general and sinking fund purposes remains at 14.02 mills and the budget includes the use of fund balance carryforward in the amount of \$10,565,093 and unrestricted interest earned on ARPA funding totaling approximately \$702,000. The sewer fee increased by \$5 due to anticipated increases in sewer authority payments, necessary repairs and capital improvements for the Township-owned sewer lines, and increasing costs of sewer treatment by the City of Philadelphia. The trash fee is increased by \$10 due to increasing waste disposal and personnel costs.

The Township continues to evaluate capital requirements for its aging infrastructure and is considering additional bond financing in 2026.

The Township received a \$41.70 million appropriation as part of the American Rescue Plan Act ("ARPA"). The Township used a total of \$9.3 million in 2022, 2023 and 2024 for operations under the revenue loss provision of ARPA and an additional \$14.7 million in 2024 under the revenue loss provision for a further transfer from the general fund to a restricted capital reserve fund. The remaining ARPA funds have been allocated to investments in police, fire, public works, leisure services and community development.

There are presently 393 full-time employees in the Township. Employees are represented by four unions, as follows: 137 employees are members of the Fraternal Order of Police ("FOP"), 63 employees are members of the International Association of Firefighters ("IAFF"), 110 employees are members of the Transport Workers Union ("TWU") and 50 employees are members of the Office and Professional Employees International Union ("OPEIU"). The OPEIU, FOP and TWU collective bargaining agreements were renewed on January 1, 2025. The FOP bargaining agreement that expired on December 31, 2024 is currently in arbitration. The IAFF collective bargaining agreement expires on December 31, 2025. In addition, there are 33 non-bargaining employees, not including the Mayor, Treasurer and 11 Council members. With many labor-intensive services like police patrol, fire suppression, public works, and code enforcement, personnel expenditures account for most of the Township's budget.

With newly implemented financial administration system, continuing review of accounting and business processes, and a recently completed five-year financial management plan (created with PFM Group Consulting, LLC and funded by a grant from the Pennsylvania Department of Community and Economic Development) the Township is well on its way to implementing a solid roadmap toward economic stability. Starting in 2024, a newly elected Mayor appointed a new Chief Administrative Officer with decades worth of experience in financially transforming municipalities. They are both committed to responsible financial management and professionalization of the Township.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

Looking ahead to 2025, the Township will implement several initiatives to provide a stable economic future, including:

- Conducting a study with an experienced third party to ensure sewer and trash fees cover expenses;
- Implementing a new approach to grants management with focus on return on investment factoring financial match requirements and grant administration costs;
- Researching and evaluating employee and retiree healthcare provisions and the options available;
- Centralizing a procurement and contract management process to achieve efficiencies and cost-savings;
- Assessing capital needs and possible funding sources; and,
- Ensuring the Township's credit rating is reinstated as soon as possible.

Leisure Services:

The Township's leisure services department, which manages recreation, parks, and the Watkins Senior Center, is facing challenges due to limited staff and capacity, budget constraints, and the recruitment of qualified staff. Major opportunities for improvement in the department include the development of new programs and services, community partnerships, and the integration of diverse cultural features into programming and events.

Police:

The major challenges facing the police department include a reduced ability to recruit and retain officers as fewer individuals pursue law enforcement careers. Competitive salaries and benefits are essential in hiring officers. Additionally, the police headquarters (which is over 100 years old) no longer supports the department's ever-growing needs. On the other hand, investment in modern technology, data driven tools, and infrastructure has allowed the police department to enhance crime prevention, community safety, and operational efficiency. Continuing these investments is essential to positioning the department as a leader in public safety.

Public Works:

Potential future improvements to the public works department include a modernized public works yard and equipment. Aging equipment (including vehicles) has become a major challenge in the productivity of the department. The Township is working towards creating and utilizing new procedures, like the new traffic calming policy, to encourage collaboration between public works and the other departments in the Township to increase productivity. Additionally, the Township created an assistant director position in the department to provide support in what is the second largest operation in the Township.

Fire:

The Township fire department faces several significant challenges. An ongoing issue is the shortage of volunteers. To tackle the shortage of volunteers, the fire department is working on offering incentives such as volunteer tax credit legislation to attract potential volunteers. Additionally, many firehouses and organizations are aging and struggling with diminishing fundraising capabilities, making it harder to maintain and upgrade essential equipment and facilities. The Township has assisted its five volunteer fire companies by using ARPA funds to pay for upgraded facilities and front-line fire apparatuses. Furthermore, revised National Fire Protection Association ("NFPA") standards and Occupational Safety and Health Administration ("OSHA") regulations for emergency response add another layer of complexity, requiring departments to adapt to new protocols and ensure compliance, often with limited resources. Staying updated with these regulations and investing in regular training sessions is crucial. In addition, the department has been operating in the last couple of years with leadership from an Interim Fire Chief. With the impending bankruptcy of the Township's primary hospital, in December of 2024 Council approved an ordinance which will allow the Center for Public Safety Management to conduct a thorough assessment of the form and functions of the Township's EMS and Fire services and recruit a qualified Fire Chief.

Upper Darby Township Management's Discussion and Analysis – Unaudited December 31, 2024

Administrative Services:

The administrative services department is experiencing challenges in its IT and building facilities infrastructure, including costly computer hardware replacements, software upgrades, and an overdue transition of Township data to cloud-based storage. Additionally, the HVAC, plumbing, and elevator are due for repair or replacement. However, the Township administration is continuously applying for funding and developing plans to upgrade and provide structural repairs where needed. With careful planning, these upgrades can improve efficiency, safety, and overall service delivery for the Township. In 2024, the department began transitioning toward a modernized HRIS system and began using CivicClerk to streamline the Council Meeting and agenda management processes. In 2024, the Administrative Services Department began the implementation of a dedicated Township television channel, which will be managed by the Township's PIO, a new position created in 2024 to provide support in the CAO department and provide more transparency across all functions of the Township.

Community & Economic Development:

Community & Economic Development was reorganized into its current configuration in April 2024. Five (5) total team members handle the administration and implementation and all activities associated with U.S. Department of Housing and Urban Development programs, affordable housing initiatives, homelessness prevention and response; Planning & Zoning, including development and enforcement of the zoning code, land development, floodplain management, stormwater management, and development and management of the 10 Year Comprehensive Plan; and, economic development initiatives that incentivize and attract new investment and resources to help businesses thrive. Major challenges include limited department personnel and resources for a municipality of Upper Darby's size and complexity, lack of reliable data and records, and daily responsibilities and situations which require immediate attention, limiting the time that can be committed to strategic and longer-term projects. 2024 accomplishments include significant improvements to the annual CDBG Action Plan process and the adoption of an amended "Smoke Shop Ordinance" that increases clarity regarding smoke shop definitions and measurements and updated the format for community engagement.

Licenses and Inspections:

In 2024, a new and highly experienced Licenses and Inspections Director was hired to transform the Township's L&I department. The major challenges facing the L&I department include outdated technology, systems, and record keeping and tracking methods. The department has not been fully equipped to properly enforce code compliance, and there is a lack of role and position clarity. In 2024, significant improvements were made in the professional development and subsequent certification of the department's employees, the revision of outdated ordinances and codes and creation of new standard operating procedures to meet modern standards, and the partnership with a third-party commercial code inspections vendor. The aforementioned achievements have led to an overall increase in enforcement.

The Township is committed to providing a clean, safe and engaging community for its residents, businesses and visitors. To achieve its goals the Township commits to identifying new and significant sources of revenue and seeks partners in the private sector, community organizations and other levels of government with which it can work to advance its fiscal strength and sustainability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Administrative Officer, Upper Darby Township, 100 Garrett Road, Upper Darby, PA 19082.

Upper Darby Township
Statement of Net Position
December 31, 2024

	<u>Government</u>	<u>Component Units</u>	
		<u>Upper Darby</u>	
		<u>Township Sellers</u>	<u>Upper Darby</u>
	<u>Governmental</u>	<u>Memorial Free</u>	<u>Township Weed</u>
	<u>Activities</u>	<u>Public Library</u>	<u>and Seed, Inc.</u>
Assets and Deferred Outflows of Resources			
Current assets			
Cash and equivalents	\$ 48,935,843	\$ 530,537	\$ -
Investments	1,175,267	45,054	-
Receivables			
Real estate taxes	9,111,432	-	-
Sewer assessments	6,617,304	-	-
Trash	5,989,621	-	-
Other	1,127,911	-	-
Due from other governments	2,152,446	-	-
Prepaid expenses	85,224	47,219	-
Total current assets	<u>75,195,048</u>	<u>622,810</u>	<u>-</u>
Noncurrent assets			
Nondepreciable capital assets	9,584,199	464,384	-
Capital assets, net	<u>42,087,562</u>	<u>610,258</u>	<u>-</u>
Total noncurrent assets	<u>51,671,761</u>	<u>1,074,642</u>	<u>-</u>
Total assets	<u>126,866,809</u>	<u>1,697,452</u>	<u>-</u>
Deferred outflows of resources			
Deferred amount on refunding	282,830	-	-
Deferred charges - OPEB	42,859,115	-	-
Deferred charges - pensions	<u>10,030,769</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>53,172,714</u>	<u>-</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities			
Accounts payable	4,292,886	51,469	-
Accrued salaries, payroll withholdings and benefits	1,266,076	31,800	-
Other liabilities	3,431,725	-	-
Unearned revenues	<u>6,003,302</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>14,993,989</u>	<u>83,269</u>	<u>-</u>
Noncurrent liabilities			
Due within one year	16,976,863	-	-
Due in more than one year	<u>278,136,745</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>295,113,608</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>310,107,597</u>	<u>83,269</u>	<u>-</u>
Deferred Inflows of Resources			
Deferred credits - OPEB	136,519,622	-	-
Deferred credits - pensions	<u>7,935,723</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>144,455,345</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	33,132,723	1,074,642	-
Restricted - expendable	10,496,808	-	-
Unrestricted	<u>(318,152,950)</u>	<u>539,541</u>	<u>-</u>
Total net position	<u>\$ (274,523,419)</u>	<u>\$ 1,614,183</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Upper Darby Township
Statement of Activities
Year Ended December 31, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Upper Darby Township Sellers Memorial Free Public Library	Upper Darby Township Weed and Seed, Inc.
Governmental activities							
General government	\$ 7,501,802	\$ 199,322	\$ 368,102	\$ -	\$ (6,934,378)	\$ -	\$ -
Public safety	49,498,939	4,312,427	3,138,163	3,698,256	(38,350,093)	-	-
Public works	27,600,011	21,872,745	3,237,884	2,550,918	61,536	-	-
Culture and recreation	5,920,151	50,291	545,443	91,928	(5,232,489)	-	-
Community development	2,045,036	109,505	1,231,519	852,664	148,652	-	-
Interest and amortization expense related to noncurrent liabilities	503,006	-	-	-	(503,006)	-	-
Total governmental activities	93,068,945	26,544,290	8,521,111	7,193,766	(50,809,778)	-	-
Component units							
Upper Darby Township Sellers Memorial Library	2,002,899	37,383	1,914,396	-	-	(51,120)	-
Upper Darby Township Weed and Seed, Inc.	4,275	-	-	-	-	-	(4,275)
Total component units	2,007,174	37,383	1,914,396	-	-	(51,120)	(4,275)
Total primary government	<u>\$ 95,076,119</u>	<u>\$ 26,581,673</u>	<u>\$ 10,435,507</u>	<u>\$ 7,193,766</u>	<u>(50,809,778)</u>	<u>(51,120)</u>	<u>(4,275)</u>
General revenues							
Taxes							
Real estate taxes					60,686,232	-	-
Realty transfer taxes					2,468,801	-	-
Mercantile taxes					983,469	-	-
Business privilege taxes					1,294,898	-	-
Local services tax					888,849	-	-
Grants and entitlements not restricted to specific programs					15,537,899	-	-
Cable television franchise fees					880,434	-	-
Gain on sale of fixed asset					42,568	-	-
Investment earnings					3,042,812	9,461	67
Total general revenues					<u>85,825,962</u>	<u>9,461</u>	<u>67</u>
Change in net position					35,016,184	(41,659)	(4,208)
Net position							
Beginning of year, as previously presented					(306,323,801)	1,655,842	4,208
Prior period adjustment for adoption of new accounting principle					(3,215,802)	-	-
Beginning balance, as restated					<u>(309,539,603)</u>	<u>1,655,842</u>	<u>4,208</u>
End of year					<u>\$ (274,523,419)</u>	<u>\$ 1,614,183</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Upper Darby Township
Balance Sheet – Governmental Funds
Year Ended December 31, 2024

	Major Funds					
	General Fund	Sewer Fund	ARPA Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets						
Cash and equivalents	\$ 22,446,033	\$ 1,875,970	\$ 5,914,964	\$ 15,529,300	\$ 3,169,576	\$ 48,935,843
Investments	1,175,267	-	-	-	-	1,175,267
Receivables						
Real estate taxes	8,818,380	-	-	-	293,052	9,111,432
Sewer assessments	-	6,617,304	-	-	-	6,617,304
Trash	5,989,621	-	-	-	-	5,989,621
Other	1,127,911	-	-	-	-	1,127,911
Due from other funds	1,836,221	4,319,498	-	1,079,724	1,190,680	8,426,123
Due from other governments	1,832,881	319,565	-	-	-	2,152,446
Prepaid items	85,224	-	-	-	-	85,224
Total assets	<u>\$ 43,311,538</u>	<u>\$ 13,132,337</u>	<u>\$ 5,914,964</u>	<u>\$ 16,609,024</u>	<u>\$ 4,653,308</u>	<u>\$ 83,621,171</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 2,737,507	\$ 670,657	\$ 734,789	\$ 109,139	\$ 40,794	\$ 4,292,886
Accrued salaries, payroll withholdings and benefits	1,215,985	29,012	-	-	21,079	1,266,076
Due to other funds	6,589,902	-	1,782,022	54,199	-	8,426,123
Other liabilities	3,431,725	-	-	-	-	3,431,725
Unearned revenue	2,605,149	-	3,398,153	-	-	6,003,302
Total liabilities	<u>16,580,268</u>	<u>699,669</u>	<u>5,914,964</u>	<u>163,338</u>	<u>61,873.00</u>	<u>23,420,112</u>
Deferred inflows of resources						
Unavailable revenues - taxes, sewer assessments and trash fees	<u>13,953,143</u>	<u>6,245,558</u>	<u>-</u>	<u>-</u>	<u>281,737</u>	<u>20,480,438</u>
Fund balances						
Nonspendable						
Prepaid items	85,224	-	-	-	-	85,224
Restricted						
Capital projects	-	-	-	1,495,586	-	1,495,586
Debt service	-	-	-	-	1,149,438	1,149,438
Sewer rental	-	6,187,110	-	-	-	6,187,110
Public works - highways and streets	-	-	-	-	3,160,260	3,160,260
Committed						
Capital projects	-	-	-	14,950,100	-	14,950,100
Assigned						
ARPA interest to balance budget	-	-	-	-	-	-
Unassigned	<u>12,692,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,692,903</u>
Total fund balances	<u>12,778,127</u>	<u>6,187,110</u>	<u>-</u>	<u>16,445,686</u>	<u>4,309,698</u>	<u>39,720,621</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,311,538</u>	<u>\$ 13,132,337</u>	<u>\$ 5,914,964</u>	<u>\$ 16,609,024</u>	<u>\$ 4,653,308</u>	<u>\$ 83,621,171</u>

See accompanying notes to the financial statements.

Upper Darby Township
Reconciliation of Governmental Funds Balance Sheet to Net Position
of Governmental Activities on the Statement of Net Position
December 31, 2024

Total governmental fund balances	\$ 39,720,621
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	51,671,761
Some of the Township's taxes, sewer assessments and trash fees will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet.	20,480,438
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position.	282,830
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported in the governmental funds balance sheet.	(91,565,461)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	<u>(295,113,608)</u>
Net position of governmental activities	<u><u>\$ (274,523,419)</u></u>

See accompanying notes to the financial statements.

Upper Darby Township
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2024

	Major Funds					
	General Fund	Sewer Fund	ARPA Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenues						
Taxes and assessments						
Real estate taxes	\$ 56,028,851	\$ -	\$ -	\$ -	\$ 1,777,843	\$ 57,806,694
Sewer rental assessments	-	12,228,420	-	-	-	12,228,420
Local enabling act taxes	5,636,018	-	-	-	-	5,636,018
Licenses and permits	3,308,287	-	-	-	-	3,308,287
Fines and forfeits	1,084,350	-	-	-	-	1,084,350
Interest, rent and royalties	1,576,938	41,959	1,059,114	312,194	100,214	3,090,419
Intergovernmental revenues	7,686,704	-	21,631,638	-	1,946,697	31,265,039
Charges for services	10,472,223	-	-	-	-	10,472,223
Contributions and donations	39,296	-	-	-	-	39,296
Miscellaneous	147,217	-	-	-	-	147,217
Total revenues	<u>85,979,884</u>	<u>12,270,379</u>	<u>22,690,752</u>	<u>312,194</u>	<u>3,824,754</u>	<u>125,077,963</u>
Expenditures						
Current						
General government	7,485,599	-	17,117	227,936	-	7,730,652
Public safety	55,539,481	-	2,578,424	140,725	-	58,258,630
Health and human services	-	-	703,287	-	-	703,287
Public works- sanitation	9,704,958	10,362,084	-	-	-	20,067,042
Public works - highways and streets	6,539,266	-	1,849,085	428,697	1,242,685	10,059,733
Public works - other services	1,138,916	-	-	3,375	-	1,142,291
Culture and recreation	5,586,507	-	93,162	2,595	-	5,682,264
Community development	1,868,895	-	852,664	-	-	2,721,559
Debt service						
Principal	-	-	-	-	1,475,000	1,475,000
Interest	-	-	-	-	529,064	529,064
Total expenditures	<u>87,863,622</u>	<u>10,362,084</u>	<u>6,093,739</u>	<u>803,328</u>	<u>3,246,749</u>	<u>108,369,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,883,738)</u>	<u>1,908,295</u>	<u>16,597,013</u>	<u>(491,134)</u>	<u>578,005</u>	<u>16,708,441</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	70,445	-	-	-	-	70,445
Transfers in	18,129,731	-	800,000	14,727,898	-	33,657,629
Transfers out	(15,527,898)	(732,718)	(17,397,013)	-	-	(33,657,629)
Proceeds from right-to-use lease arrangements	-	-	-	-	-	-
Refund of prior year revenues	(969,265)	-	-	-	-	(969,265)
Refund of prior year expenditures	379,169	-	-	-	-	379,169
Total other financing sources (uses)	<u>2,082,182</u>	<u>(732,718)</u>	<u>(16,597,013)</u>	<u>14,727,898</u>	<u>-</u>	<u>(519,651)</u>
Net change in fund balances	198,444	1,175,577	-	14,236,764	578,005	16,188,790
Fund balances						
Beginning of year	<u>12,579,683</u>	<u>5,011,533</u>	<u>-</u>	<u>2,208,922</u>	<u>3,731,693</u>	<u>23,531,831</u>
End of year	<u>\$ 12,778,127</u>	<u>\$ 6,187,110</u>	<u>\$ -</u>	<u>\$ 16,445,686</u>	<u>\$ 4,309,698</u>	<u>\$ 39,720,621</u>

See accompanying notes to the financial statements.

Upper Darby Township

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities on the Statement of Activities

Year ended December 31, 2024

Net change in fund balances - governmental funds		\$ 16,188,790
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense and the net book value of disposed assets in the current period.

Capital outlay expenditures	\$ 7,544,256	
Net book value of disposed capital assets	(1,780,397)	
Depreciation and amortization expense	<u>(3,764,870)</u>	1,998,989

Because some taxes, sewer assessments and trash fees 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 inflows of resources increased by this amount this year.

Deferred inflows of resources December 31, 2023	(17,592,359)	
Deferred inflows of resources December 31, 2024	<u>20,480,438</u>	2,888,079

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds payable	1,475,000	
Repayment of financed purchase	77,117	
Repayment and retirement of leases payable	2,146,947	
Repayment of subscriptions payable	217,921	
Amortization of bond premiums and deferred amount on refunding	<u>26,058</u>	3,943,043

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Current year change in compensated absences	524,560	
Change in net OPEB liability and related deferred inflows and outflows	9,171,432	
Change in net pension liability and related deferred inflows and outflows	<u>301,291</u>	<u>9,997,283</u>

Change in net position of governmental activities		<u>\$ 35,016,184</u>
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See accompanying notes to the financial statements.

Upper Darby Township
Statements of Net Position – Fiduciary Funds
December 31, 2024

	Pension Trust Funds
Assets	
Cash and equivalents	\$ 4,234,561
Investments	244,268,730
Contributions receivable	30,855
Interest receivable	149,942
Other receivable	1,200
Prepaid expenses	2,994
Total assets	<u>248,688,282</u>
Liabilities	
Accounts payable	<u>54,107</u>
Net position	
Assets held in trust for pension benefits	<u><u>\$ 248,634,175</u></u>

See accompanying notes to the financial statements.

Upper Darby Township
Statements of Changes in Net Position – Fiduciary Funds
Year Ended December 31, 2024

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 10,347,148
Employee	2,254,214
Other	<u>4,067</u>
Total contributions	<u>12,605,429</u>
Investment income	
Net realized and unrealized investment losses	19,336,765
Interest and dividend income	6,560,855
Less: Investment expenses	<u>(634,628)</u>
Net investment income	<u>25,262,992</u>
Total additions	<u>37,868,421</u>
Deductions	
Benefit payments	17,472,547
Administrative expenses	<u>122,679</u>
Total deductions	<u>17,595,226</u>
Change in net position	20,273,195
Net position	
Beginning of year	<u>228,360,980</u>
End of year	<u><u>\$ 248,634,175</u></u>

See accompanying notes to the financial statements.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Darby Township (the "Township"), Delaware County, Pennsylvania, was established in 1736 and operates under the Home Rule Charter and Optional Plans Law. The Home Rule Charter provides that the Township is governed by a Mayor and a Township Council which is composed of eleven members. The Township provides the following services: general government; public safety – police, fire, codes and planning and zoning; public works – highways and street, sanitation and sewer, parking; culture and recreation – parks, libraries, senior citizens' centers and community development and housing.

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. Based upon the application of these criteria, the following component units are required to be included in the Township's reporting entity.

Discretely Presented Component Units

The Upper Darby Township and Sellers Memorial Free Public Library (the "Library") and the Upper Darby Township Weed and Seed, Inc. are component units of the Township. The Library is governed by a Board appointed by the Mayor and is fiscally dependent upon the Township because it receives a substantial portion of its operating funds from the Township. The Upper Darby Township Weed and Seed, Inc. is an organization formed to participate in the U.S. Justice Department's Weed and Seed program to benefit the residents and communities of the Township. The Township considers inclusion of the Library and Upper Darby Township Weed and Seed Inc.'s financial information important to the overall presentation of the financial statements. The Library issues separate audited financial statements which are available to the public through the Township office. The Library is a nonprofit that prepared its financial statements in conformity with accounting principles generally accepted in the United States of America under the standards and principles set by the Financial Accounting Standards Board (FASB).

Blended Component Units

The Police Pension Plan, Firefighters Pension Plan and Municipal Employees Pension Plan (the "Pension Plans") are single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. Although the Pension Plans are separate legal entities, they are reported as if they are part of the Township as the Township is responsible for funding the Pension Plans. The activities of the Pension Plans are blended as fiduciary funds. The Pension Plans issue separate audited financial statements which are available to the public through the Township office.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government except for fiduciary funds.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the Township which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Township is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The government-wide statement of activities presents a comparison between expenses and program revenues for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township. The effect of interfund activity between governmental activities has been removed from these statements.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

The ARPA Fund is used to account for appropriation from the U.S. Treasury through the American Rescue Plan Act ("ARPA") to respond to the impact of COVID-19 on the Township.

The Sewer Fund is used to account for the operation of a sewage treatment plant and collection system.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays which include the acquisition or construction of capital facilities and other capital assets, including those financed by general obligation bond proceeds.

In addition, the Township reports the following nonmajor governmental funds:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and other related costs.

The Highway Aid Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other postemployment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has three trust funds, consisting of a Police Pension Fund, Municipal Employees Pension Fund and Firefighters Pension Fund.

Cash and Cash Equivalents

Cash equivalents of the Township, Library and Upper Darby Township Weed and Seed, Inc. 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.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Investments

Investments of the Township and Library are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Township. Unobservable inputs reflect the Township's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Township has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Township's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Taxes

Property taxes are levied on February 1 and are payable in the following periods:

February 1 – March 31	-	Discount period, 2% of gross levy
April 1 – May 31	-	Face period
June 1 to collection	-	Penalty period, 10% of gross levy
February 28	-	Lien date

The Delaware County Board of Assessments determines assessed valuations of property, and the Township's taxes are billed and collected by the Township. The tax on real estate for fiscal 2024 was 14.02 mills (\$14.02 for \$1,000 of assessed valuation), consisting of 13.56 mills for general purposes and 0.46 mills for debt service. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Taxes receivable are shown net of allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical trend information.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Other taxes levied in 2024 consisted of the following:

Real estate transfer tax	-	1.50% of gross sales price [split with Upper Darby School District]
Local services tax	-	\$52.00 per person that earns over \$12,000/year
Mercantile/business privilege tax	-	0.10% of wholesale gross receipts 0.15% of retail, service and rental gross receipts

Accounts Receivable

The Township's accounts receivable are reported at net realizable value. The Township's sewer and trash operations experience very small losses from uncollectible accounts. Sewer and trash fees constitute a lien against real property and usually can be collected in full when title transfers. There are no allowances at December 31, 2024.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets are defined by the Township as assets with an initial individual cost of \$5,000 or more with an estimated useful life in excess of one year. Capital assets are defined by the Library as assets with an initial individual cost of \$500 or more with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Right-to-use lease and subscription assets are reported when a qualifying liability is incurred.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the Township is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 10-40 years, infrastructure – 15-50 years, land improvements – 10-40 years, machinery and equipment – 3-15 and vehicles – 3-25 years.

Property, plant and equipment (net of salvage value) of the Library is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 20 years, leasehold improvements – 10 years, furniture and equipment – 3-10 and library books – 10 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 10 and 11.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The Township's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 10 and 11.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The Township has reported deferred inflows of resources related to unavailable revenues for property taxes and special assessments. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

Leases and Subscriptions

The Township has entered into noncancellable leases and subscriptions. The Township recognizes a lease or a subscription liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of an agreement, the Township initially measures the lease or subscription liability at the present value of payments expected to be made during the lease or subscription term. Subsequently, the lease and subscription liability is reduced by the principal portion of lease payments made. The lease and subscription asset is initially measured as the initial amount of the lease or subscription liability, adjusted for lease or subscription payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease or subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the Township determines (1) the discount rate it used to discount the expected lease or subscription payments to present value, (2) lease term, and (3) lease payments.

The Township uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.

The lease or subscription term includes the noncancellable period of the lease or subscription. Lease and subscription payments included in the measurement of the lease or subscription liability is comprised of fixed payments.

The Township monitors changes in circumstances that would require a remeasurement of its leases or subscriptions, and will remeasure the lease or subscription liability if certain changes occur that are expected to significantly affect the amount of the liabilities.

Impairment of Long-Lived Assets

The Township evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Township. No impairment losses were recognized in the year ended December 31, 2024.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick leave. Township employees earn sick and vacation leave, based on collective bargaining and employment agreements, which may either be taken or accumulated until paid upon retirement or termination. The Library allows employees to accumulate earned but unused vacation leave, which must be used by the end of the subsequent calendar year.

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds and notes payable are reported net of the applicable premium or discount. Premiums and discounts are deferred and amortized over the life of the bonds and notes payable. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refunds paid from proceeds which are reported as other financing uses.

Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Municipal, Firefighter and Police Pension defined benefit plans (collectively, the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the Township OPEB defined benefit plan (the Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Township reports the following fund balance classifications:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Township Council and Mayor. Committed amounts cannot be used for any other purpose unless the Township Council and Mayor removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes but are neither restricted nor committed. Intended use is established by the Township Council and Mayor or an official to which the Township Council and Mayor has delegated the authority to assign amounts for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - Is reported when there are constraints placed on use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

Effective January 1, 2024, the Township implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of January 1, 2024 was understated by \$3.2 million in the governmental activities. The effect of the implementation of this standard is shown in Note 14.

New Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*:, will be effective for the Township for the year ended December 31, 2025. The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Township for the year ended December 31, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*:, will be effective for the Township for the year ended December 31, 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Township's fiscal year begins on the first day of January and ends on the last day of December. Each year, at least 90 days prior to the start of the fiscal year, the Mayor submits to Township Council a budget for the subsequent fiscal year. Two budget meetings are held each year by the Township Council on the contents of the budget prior to adoption.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets are legally adopted for the Township's General Fund, Sewer Fund, Debt Service Fund and Highway Aid Fund. Project length financial plans are adopted for the Capital Projects fund.

The Township is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and include the effect of approved budget amendments.

The Township's Home Rule Charter allows the Mayor to transfer part or all of any unencumbered appropriation balance among line items within a function; and upon request of the Mayor allows Township Council to transfer part or all of any unencumbered appropriation balance from one function to another.

Expenditures in Excess of Appropriations

During the year ended December 31, 2024, the Township had expenditures in excess of appropriations in the following functions:

General government	\$ 61,837
Public safety	\$ 634,439
Public works - highways and streets	\$ 12,661

3. DEPOSITS AND INVESTMENTS

State statutes and the Township's Home Rule Charter authorize the Township to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposits when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township and its discretely presented component units are required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

At December 31, 2024, the carrying amount of the Township's deposits was \$53,170,404 and the bank balance was \$53,535,435. Of the bank balance, \$1,560,000 was covered by federal depository insurance and \$10,943,660 was collateralized by the Township's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the Township are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of December 31, 2024, PLGIT is rated as AAA by a nationally recognized statistical rating agency.

Discretely Presented Component Units – Deposits

At December 31, 2024, the carrying amount of the Library's deposits was \$530,537 and the bank balance was \$535,538. Of the bank balance \$250,000 was covered by federal depository insurance and \$237,707 was in excess of the FDIC insurance limit.

Investments

As of December 31, 2024, the Township's categorizations of investment fair value measurements were as follows:

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Pension Trust Fund				
Exchange-traded funds - equity	\$ 112,089,457	\$ 112,089,457	\$ -	\$ -
Exchange-traded funds - fixed	39,788,994	39,788,994	-	-
Mutual funds - equity	21,434,534	21,434,534	-	-
Mutual funds - fixed	10,361,012	10,361,012	-	-
Common stock	45,504,376	45,504,376	-	-
U.S. Treasury and agency securities	10,959,717	-	10,959,717	-
Corporate bonds and backed assets	4,130,640	-	4,130,640	-
Total Investments at Fair Value	244,268,730	<u>\$ 229,178,373</u>	<u>\$ 15,090,357</u>	<u>\$ -</u>
Investments at Net Asset Value				
General fund				
Certificate of deposit	<u>1,175,267</u>			
Total Investments	<u>\$ 245,443,997</u>			

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit are valued at net asset value per share as a practical expedient for fair value.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a formal policy related to custodial credit risk for investments. The Township's pension trust funds consist of uninsured, unregistered investments held by a counterparty's trust department but not in the Township's name.

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2024, the Township had the following investments:

Description	Fair Value	Average Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
General Fund					
Certificate of deposit	\$ 1,175,267	\$ 1,175,267	\$ -	\$ -	\$ -
Pension Trust Funds					
Mutual funds - fixed	10,361,012	10,361,012	-	-	-
U.S. Treasury and agency securities	10,959,717	4,743,684	3,164,971	2,062,088	988,974
Corporate bonds and backed assets	4,130,640	278,719	2,542,441	1,295,260	14,220
	<u>\$ 26,626,636</u>	<u>\$ 16,558,682</u>	<u>\$ 5,707,412</u>	<u>\$ 3,357,348</u>	<u>\$ 1,003,194</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits its type of investments permitted as defined in the state statutes. The Township does not have a formal policy that addresses credit risk. The Township had no investments subject to credit risk as of December 31, 2024.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from the requirement. As of December 31, 2024, the Township had no investments subject to concentration of credit risk.

Discretely Presented Component Units – Investments

As of December 31, 2024, all of the Library's investments were in mutual funds totaling \$45,054 and were valued using Level 1 inputs.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

CAPITAL ASSETS

The Township's capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,021,975	\$ 375,000	\$ -	\$ 5,396,975
Construction in progress	<u>3,455,067</u>	<u>2,869,600</u>	<u>2,137,443</u>	<u>4,187,224</u>
Total capital assets not being depreciated or amortized	<u>8,477,042</u>	<u>3,244,600</u>	<u>2,137,443</u>	<u>9,584,199</u>
Capital assets being depreciated and amortized				
Land improvements	5,299,563	-	-	5,299,563
Buildings and improvements	19,890,226	786,031	-	20,676,257
Machinery and equipment	6,616,831	465,606	-	7,082,437
Vehicles	20,076,522	2,106,366	1,828,984	20,353,904
Infrastructure	39,727,378	3,079,096	-	42,806,474
Right-to-use lease assets	3,895,195	-	3,205,029	690,166
Right-to-use subscription assets	<u>1,053,691</u>	<u>-</u>	<u>-</u>	<u>1,053,691</u>
Total capital assets being depreciated and amortized	<u>96,559,406</u>	<u>6,437,099</u>	<u>5,034,013</u>	<u>97,962,492</u>
Less: Accumulated depreciation and amortization for				
Land improvements	(1,096,103)	(326,808)	-	(1,422,911)
Buildings and improvements	(15,545,414)	(276,669)	-	(15,822,083)
Machinery and equipment	(4,067,111)	(474,490)	-	(4,541,601)
Vehicles	(12,804,719)	(1,116,070)	(1,801,107)	(12,119,682)
Infrastructure	(19,643,042)	(1,074,502)	-	(20,717,544)
Right-to-use lease assets	(1,610,196)	(285,592)	(1,452,509)	(443,279)
Right-to-use subscription assets	<u>(597,091)</u>	<u>(210,739)</u>	<u>-</u>	<u>(807,830)</u>
Total accumulated depreciation and amortization	<u>(55,363,676)</u>	<u>(3,764,870)</u>	<u>(3,253,616)</u>	<u>(55,874,930)</u>
Total capital assets being depreciated and amortized, net	<u>41,195,730</u>	<u>2,672,229</u>	<u>1,780,397</u>	<u>42,087,562</u>
Governmental activities, net	<u>\$ 49,672,772</u>	<u>\$ 5,916,829</u>	<u>\$ 3,917,840</u>	<u>\$ 51,671,761</u>

Depreciation and amortization expense for was charged to functions/programs of the Township as follows:

Governmental activities	
General government	\$ 571,631
Public safety	1,303,426
Public works	1,560,598
Culture and recreation	281,736
Community development	<u>47,479</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 3,764,870</u>

As of December 31, 2024, the Township had outstanding construction commitments totaling \$3,077,369.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Discretely Presented Component Unit

The Library's capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Capital assets not being depreciated				
Land	\$ 464,384	\$ -	\$ -	\$ 464,384
Capital assets being depreciated				
Buildings and improvements	569,461	-	-	569,461
Leasehold improvements	179,496	-	-	179,496
Furniture and equipment	410,738	149	-	410,887
Library books and material	908,975	87,441	-	996,416
Total capital assets being depreciated	2,068,670	87,590	-	2,156,260
Less: Accumulated depreciation for	(1,433,722)	(112,280)	-	(1,546,002)
Total capital assets being depreciated, net	634,948	(24,690)	-	610,258
Governmental activities, net	\$ 1,099,332	\$ (24,690)	\$ -	\$ 1,074,642

4. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2024 is as follows:

<u>Receivable To</u>		<u>Payable From</u>	
General Fund	\$ 54,199	Capital Projects Fund	\$ 54,199
General Fund	1,782,022	ARPA Fund	1,782,022
Sewer Fund	4,319,498	General Fund	4,319,498
Capital Reserve Fund	1,079,724	General Fund	1,079,724
Debt Service Fund	1,138,123	General Fund	1,138,123
Highway Aid Fund	52,557	General Fund	52,557
	<u>\$ 8,426,123</u>		<u>\$ 8,426,123</u>

Interfund balances between funds represent temporary loans recorded to cover various expenses. The balances are generally repaid shortly after year-end.

A summary of interfund transfers for the year ended December 31, 2024 is as follows:

<u>Transfers In</u>		<u>Transfers Out</u>	
General Fund	\$ 17,397,013	ARPA Fund	\$ 17,397,013
General Fund	732,718	Sewer Fund	732,718
ARPA Fund	800,000	General Fund	800,000
Capital Reserve Fund	14,727,898	General Fund	14,727,898
	<u>\$ 33,657,629</u>		<u>\$ 33,657,629</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Transfers between the General Fund and ARPA Fund were to transfer the revenue loss revenue recognized in the General Fund. The transfer from the Sewer Fund to the General Fund was to reimburse the General Fund for certain overhead costs. The transfer from the General Fund to the Capital Reserve Fund was to fund future capital projects.

5. NONCURRENT LIABILITIES

The following summarizes the changes in the Township's noncurrent liabilities for the year ended December 31, 2024:

	Balance January 1, 2024 (Restated)	Increases	Decreases	Balance December 31, 2024	Amount Due Within One Year
Governmental activities					
General obligation debt					
Bonds payable	\$ 20,440,000	\$ -	\$ 1,475,000	\$ 18,965,000	\$ 1,505,000
Bond premiums	701,120	-	46,260	654,860	46,259
Total general obligation debt	21,141,120	-	1,521,260	19,619,860	1,551,259
Other noncurrent liabilities					
Compensated absences, net	6,913,984	-	524,560	6,389,424	2,929,566
Financed purchase	77,117	-	77,117	-	-
Leases payable	2,397,546	-	2,146,947	250,599	44,271
Right-to-use subscriptions payable	664,916	-	217,921	446,995	215,004
Net pension liability	51,521,235	-	10,533,803	40,987,432	-
OPEB liability	209,319,795	18,099,503	-	227,419,298	12,236,763
Total other noncurrent liabilities	270,894,593	18,099,503	13,500,348	275,493,748	15,425,604
Total noncurrent liabilities					
governmental activities	\$ 292,035,713	\$ 18,099,503	\$ 15,021,608	\$ 295,113,608	\$ 16,976,863

The beginning balance was restated due to the implementation of GASB Statement No. 101, See Note 14.

The change in the compensated absence liability is presented as a net change.

6. GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the Township for which full faith and credit are pledged and are payable from local sources. The Township has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of December 31, 2024 consisted of the following:

Description	Interest Rate(s)	Issue Amount	Original Final Maturity	Principal Outstanding
General obligations bonds				
Series of 2021	2.000% - 4.000%	\$ 9,165,000	05/01/2040	\$ 7,215,000
Series of 2021A	0.276% - 2.826%	13,630,000	05/01/2037	11,750,000
Total general obligation bonds				<u>\$ 18,965,000</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Annual debt service requirements under the governmental activities general obligation debt is as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 1,505,000	\$ 504,360	\$ 2,009,360
2026	1,525,000	479,987	2,004,987
2027	1,250,000	453,866	1,703,866
2028	1,285,000	425,611	1,710,611
2029	1,310,000	394,771	1,704,771
2030-2034	5,425,000	1,513,398	6,938,398
2035-2039	5,590,000	721,569	6,311,569
2040	1,075,000	21,500	1,096,500
	<u>\$ 18,965,000</u>	<u>\$ 4,515,062</u>	<u>\$ 23,480,062</u>

7. LEASES PAYABLE

The Township has entered into long-term lease agreements as lessee for the use of properties in its operations. Initial lease liabilities were recorded in the amount of \$3,000,415. As of December 31, 2024, the carrying amount of the lease liabilities was \$371,907. The leases have imputed interest rates ranging from 3.25% to 7.00% and terms of 5 to 15 years as of the contract commencement. The value of the right-to-use assets was \$302,204 as of December 31, 2024, net of accumulated amortization of \$532,332, and is included with noncurrent assets on the statement of net position.

The Township has entered into long-term lease agreements as lessee for the use of copiers and a postage machine. Initial lease liabilities were recorded in the amount of \$112,188. As of December 31, 2024, the carrying amount of the lease liabilities was \$38,173. The leases have imputed interest rates ranging from 3.25% to 8.00% and a term of 5 years as of the contract commencement. The value of the right-to-use assets was \$35,170 as of December 31, 2024, net of accumulated amortization of \$77,018 and is included with noncurrent assets on the statement of net position.

The net present value of minimum non-cancelable lease payments under these agreements are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 44,271	\$ 8,414	\$ 52,685
2026	33,014	6,794	39,808
2027	31,142	5,525	36,667
2028	27,644	4,303	31,947
2029	28,639	3,435	32,074
2030-2032	85,889	4,932	90,821
	<u>\$ 250,599</u>	<u>\$ 33,403</u>	<u>\$ 284,002</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

8. SUBSCRIPTION PAYABLE

The Township has entered into long-term agreement for a subscription-based information technology arrangement. An initial subscription liability was recorded in the amount of \$1,053,691. As of December 31, 2024, the value of the subscription liability is \$446,995. The Township is required to make an annual fixed payment of \$239,531. The subscription payable has an imputed interest rate of 3.25% and a useful life of 6 years at contract commencement. The value of the right to use asset as of December 31, 2024 of 245,861, net of accumulated amortization of \$807,830, and is included with noncurrent assets on the statement of net position.

Future minimum lease payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 215,004	\$ 14,527	\$ 229,531
2026	231,991	7,540	239,531
	<u>\$ 446,995</u>	<u>\$ 22,067</u>	<u>\$ 469,062</u>

9. POSTEMPLOYMENT RETIREMENT PLAN

The Upper Darby Township Postretirement Healthcare and Sick Leave Benefits Plan (the "OPEB Plan") is a contributory, single-employer postretirement benefits plan for eligible employees of the Township. The OPEB Plan provides postretirement medical, prescription, dental and vision benefits upon retirement or disability to OPEB Plan members and their beneficiaries, pursuant to Township ordinances and the respective collective bargaining and employment agreements. The OPEB Plan can be amended by the Township through its ordinances and collective bargaining and employment agreements. The OPEB Plan is administered by a plan administrator appointed by the Township Council. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

Plan Membership

Membership in the OPEB Plan consisted of the following at January 1, 2023:

Active employees	382
Retired participants with life insurance	297
Retired participants and covered spouses with healthcare	<u>280</u>
	<u>959</u>

Funding Policy

The OPEB Plan does not require any contributions from plan members. The Township funds the OPEB Plan on a pay-as-you-go basis.

OPEB Liability

The Township's OPEB liability has been measured as of December 31, 2024. The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, and by rolling forward the liabilities from the January 1, 2023 actuarial valuation through the measurement date. The OPEB liability is \$227,419,298, all of which is unfunded.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

The Township's change in total OPEB liability for the year ended December 31, 2024 was as follows:

	<u>Total OPEB Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>OPEB Liability (A) - (B)</u>
Balances as of January 1, 2024	\$ 209,319,795	\$ -	\$ 209,319,795
Changes for the year			
Service cost	8,997,135	-	8,997,135
Interest cost	8,603,630	-	8,603,630
Differences between expected and actual experience	(395,112)	-	(395,112)
Changes of assumptions	6,951,093	-	6,951,093
Employer contributions	(6,057,243)	6,057,243	(12,114,486)
Employee contributions	-	403,965	(403,965)
Benefit payments	-	(6,461,208)	6,461,208
Net changes	18,099,503	-	18,099,503
Balances as of December 31, 2024	\$ 227,419,298	\$ -	\$ 227,419,298

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for December 31, 2024, calculated using current healthcare cost trends as well as what the OPEB liability would be if healthcare cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	\$ 188,136,036	\$ 227,419,298	\$ 279,730,986

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township calculated using the discount rate 4.00%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current rate:

	<u>1% Decrease 3.00%</u>	<u>Current Discount Rate 4.00%</u>	<u>1% Increase 5.00%</u>
OPEB liability	\$ 268,668,830	\$ 227,419,298	\$ 194,798,152

Upper Darby Township
Notes to Financial Statements
December 31, 2024

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Township recognized negative OPEB credit of \$3,114,189. At December 31, 2024, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 42,859,115	\$ 72,629,967
Differences between expected and actual experience	<u>-</u>	<u>63,889,655</u>
	<u><u>\$ 42,859,115</u></u>	<u><u>\$ 136,519,622</u></u>

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

Year Ending December 31,

2025	\$ (18,857,869)
2026	(17,910,996)
2027	(15,798,262)
2028	(13,768,380)
2029	(13,768,380)
Thereafter	<u>(13,556,620)</u>
	<u><u>\$ (93,660,507)</u></u>

Actuarial Methods and Significant Assumptions

The OPEB liability as of December 31, 2024, was determined by rolling forward the OPEB Liability as of January 1, 2023 to December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 4.00%
- Inflation – 2.50%
- Salary growth – Police and Firefighters: service based, Nonuniform: 3.50% per year
- Assumed healthcare cost trends – 7.90% in year 2025 and decreasing to an ultimate trend rate of 4.036% in 2075.
- Mortality – Police and Firefighters: Pub-2010 public safety headcount-weighted mortality tables, with generational projection using scale MP-2021. Nonuniform - Pub-2010 general employee headcount-weighted mortality tables, with generational projection using scale MP-2021.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

10. EMPLOYEE RETIREMENT PLANS

Police Pension Plan

The Upper Darby Township Police Pension Plan accounts for a contributory, single-employer defined benefit pension plan (the "Police Pension Plan") that covers all full-time uniformed police officers of the Township. The Police Pension Plan is governed by a Board of Trustees that is responsible for the management of Police Pension Plan assets. The Board of Trustees is comprised of three trustees, two appointed by the Mayor and confirmed by the Township Council and one appointed by the Police Wage Negotiation Committee.

Plan Membership

Membership in the Police Pension Plan consisted of the following at December 31, 2024:

Active employees	122
Retirees and beneficiaries currently receiving benefits	156
Terminated plan members entitled to but not yet receiving benefits	-
	<u>278</u>

Benefit Provisions

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible for normal retirement after attainment of age 50 and 25 years of service or age 60 and 20 years of service. If hired before January 1, 2001, members are eligible for normal retirement upon attaining a combination of age and service at least equal to 77. Members are required to retire when they reach age 60. For members hired after January 1, 2021, normal retirement benefits are calculated as 50% of the member's monthly average compensation from the Township during the final 36 months of service, with a minimum benefit of \$400. For members hired prior to January 1, 2021, normal retirement benefits are calculated as 62% of the member's monthly average compensation from the Township during the highest 24 consecutive months of the last 60 months of service with a minimum benefit of \$400. Members are vested 100% after the completion of 12 years of service plus 2.50% per additional service year.

If a member is totally and permanently disabled in the line of duty, they are eligible for disability payments equal to 70% of the member's highest 12 months of compensation at the time of disability. A member with at least 3 years of service who becomes disabled not in the line of duty, is eligible for disability payments equal to 50% of the member's highest 12 months of compensation at the time of disability.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse will receive \$1,200 per month for life and each surviving child will receive \$800 per month until age 18, or 23 if full-time student. If there is no surviving spouse or child, \$75 per month will be payable to a named beneficiary for 18 years. If member is not eligible for retirement at the time of death the surviving spouse will received 120 normal retirement payments the member would have been receiving had the member retired at the time of death and thereafter the surviving spouse will receive 50% of normal retirement benefits for the remainder of the spouse's lifetime. If there is no surviving spouse or child, the remaining 120 payments will be paid to a named beneficiary.

Members who begin retirement benefits on or after January 1, 2001, will be provided a cost-of-living adjustment. In no such case shall the benefit exceed 62% of compensation used for computing retirement benefits or 24% of such compensation in total cost-of-living increases, whichever is less.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Condensed Financial Statements

As of December 31, 2024, the Police Pension Plan's statement of fiduciary net position was as follows:

	Police Pension Fund
Assets	
Cash and equivalents	\$ 2,051,574
Investments	<u>117,285,261</u>
Total assets	<u>\$ 119,336,835</u>
Liabilities	
Accounts payable	<u>44,753</u>
Net Position	
Assets held in trust for pension benefits	<u>\$ 119,292,082</u>

For the year ended December 31, 2024, the Police Pension Plan's statement of changes in fiduciary net position was as follows:

	Police Pension Fund
Revenues	
Contributions	
Employer	\$ 6,168,049
Employee	<u>931,755</u>
Total contributions	<u>7,099,804</u>
Investment income	
Net realized and unrealized investment losses	10,065,016
Interest and dividend income	2,834,732
Less: Investment expenses	<u>(167,551)</u>
Net investment income	<u>12,732,197</u>
Total additions	<u>19,832,001</u>
Deductions	
Benefit payments	7,908,132
Administrative expenses	<u>23,723</u>
Total deductions	<u>7,931,855</u>
Change in net position	11,900,146
Net position	
Beginning of year	<u>107,391,936</u>
End of year	<u>\$ 119,292,082</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Basis of Accounting

The Police Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Police Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Police Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Police Pension Plan's biennial actuarial valuation. Members in the Police Pension Plan are required to contribute 5.00% of compensation to the Police Plan or 6.50% if hired before January 1, 2021. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.25% percent investment rate of return (net of administrative costs) and (b) 2.50% inflation, 3.50% salary increases and 3.00% cost-of-living adjustments. The unfunded actuarial accrued liability is being amortized on the level dollar over 7 years.

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on Police Pension Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on Police Pension Plan investments, net of pension plan investment expenses not funded through the MMO was 12.12%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

The Police Pension Plan investment policy in regard to allocation of invested assets is established and may be amended by the Township Council and Pension Board. The objective investment strategy is to reduce risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

A schedule of Police Pension Plan investments by asset class and target allocations and long-term expected rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	70.00%	7.80% - 8.00%
Fixed income	27.00%	5.00%
Cash and equivalents	3.00%	3.00%
Total portfolio	100.00%	6.94%

Net Pension Liability

The Township's net pension liability for the Police Pension Fund has been measured as of December 31, 2024. The total pension liability was determined by an actuarial valuation as of January 1, 2023, and by rolling forward the liabilities from the January 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net pension liability is \$18,082,673 measured as the difference between the total pension liability of \$137,374,755 and the fiduciary net position of \$119,292,082. The Township's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2024 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances as of January 1, 2024	\$ 131,431,385	\$ 107,391,936	\$ 24,039,449
Changes for the year			
Service cost	4,637,250	-	4,637,250
Interest cost	9,214,252	-	9,214,252
Differences between expected and actual experience	-	-	-
Employer contributions	-	6,168,049	(6,168,049)
Employee contributions	-	931,755	(931,755)
Net investment income	-	12,732,197	(12,732,197)
Benefit payments	(7,908,132)	(7,908,132)	-
Administrative and investment expenses	-	(23,723)	23,723
Net changes	5,943,370	11,900,146	(5,956,776)
Balances as of December 31, 2024	\$ 137,374,755	\$ 119,292,082	\$ 18,082,673

Upper Darby Township
Notes to Financial Statements
December 31, 2024

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 7.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	<u>\$ 34,315,072</u>	<u>\$ 18,082,673</u>	<u>\$ 4,531,806</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2024, the Township recognized pension expense of \$5,637,519. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 991,508	\$ 1,438,303
Changes in assumptions	26,497	514
Net difference between projected and actual earnings on pension plan investments	-	608,179
	<u>\$ 1,018,005</u>	<u>\$ 2,046,996</u>

Other 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,

2025	\$ 1,486,515
2026	2,086,153
2027	(3,228,337)
2028	<u>(1,373,322)</u>
	<u>\$ (1,028,991)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 7.25% (net of pension plan expense, including inflation)
- Discount rate – 7.25%
- Inflation – 2.50%
- Salary increases – 3.50% per year
- Mortality rates – Pub-2010 safety amount-weighted mortality tables, projected from 2010 with mortality improvement scale MP-2021.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Deferred Retirement Option Program

The Plan provides a Deferred Retirement Option Plan ("DROP") provision in accordance with Act 44 with a maximum participation period of twenty-four months. The DROP benefit shall accumulate in the pension plan without accruing interest. An officer entering DROP shall have longevity payments frozen at the level in effect at the time of their DROP entry date. If an officer reaches mandatory retirement age during their DROP period, they shall be permitted to complete their DROP participation before separating from employment.

If an officer incurs a service-connected disability while in DROP and is deemed to be permanently disabled and entitled to a service-connection disability benefit from the pension plan, the monthly normal retirement benefit of the DROP participant shall be reclassified as being on account of a service-connected disability. In no event shall a DROP participant's monthly retirement benefit be recalculated. Instead, they shall continue to receive the same benefit to which they became entitled at the time of entry into DROP. The DROP provision will expire on December 31, 2024. As of December 31, 2024, the value of plan assets held for individuals participating in DROP was \$560,129.

Municipal Employees Pension Plan

The Upper Darby Township Municipal Employees Pension Plan accounts for a contributory, single-employer defined benefit pension plan (the "Municipal Employees Pension Plan") that covers all full-time employees of the Township than police and firefighters. The Municipal Employees Pension Plan is governed by a Board of Trustees that is responsible for the management of Municipal Employees Pension Plan assets. The Board of Trustees is comprised of nine trustees, three appointed by the Mayor and confirmed by the Township Council and six by the Plan membership.

Plan Membership

Membership in the Municipal Employees Pension Plan consisted of the following at January 1, 2023:

Active employees	189
Retirees and beneficiaries currently receiving benefits	152
Terminated plan members entitled to but not yet receiving benefits	17
	<u>358</u>

Benefit Provisions

The Municipal Employees Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible for normal retirement after attainment of age 60 and 5 years of service. For plan members hired before January 1, 2023, normal retirement benefits are calculated as 2.50% of average compensation equal to the highest two years multiplied by years of service. For plan members hired after January 1, 2023, normal retirement benefits are calculated as 2.30% of average compensation equal to the highest consecutive three years of compensation of the last five years prior to termination multiplied by years of service. Members are vested 100% after the completion of five years of service.

If a member with five years of service is totally and permanently disabled, they are eligible for disability payments equal to 100% of their normal retirement benefit based on years of service at disability.

Upon the death of a member with five years of service, a benefit will be paid equal to the actuarial present value of the members accrued benefit at death.

Condensed Financial Statements

As of December 31, 2024, the Municipal Employees Pension Plan's statement of fiduciary net position was as follows:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

	Municipal Employees Pension Fund
Assets	
Cash and equivalents	\$ 1,545,888
Investments	76,431,619
Contributions receivable	30,855
Interest receivable	149,942
Other receivable	1,200
Prepaid expenses	2,994
Total assets	<u>\$ 78,162,498</u>
Liabilities	
Accounts payable	<u>9,354</u>
Net Position	
Assets held in trust for pension benefits	<u>\$ 78,153,144</u>

For the year ended December 31, 2024, the Municipal Employees Pension Plan's statement of changes in fiduciary net position was as follows:

	Municipal Employees Pension Fund
Revenues	
Contributions	
Employer	\$ 1,875,921
Employee	812,659
Other	4,067
Total contributions	<u>2,692,647</u>
Investment income	
Net realized and unrealized investment losses	5,751,537
Interest and dividend income	2,082,982
Less: Investment expenses	<u>(346,916)</u>
Net investment income	<u>7,487,603</u>
Total additions	<u>10,180,250</u>
Deductions	
Benefit payments	6,155,195
Administrative expenses	<u>67,318</u>
Total deductions	<u>6,222,513</u>
Change in net position	3,957,737
Net position	
Beginning of year	<u>74,195,407</u>
End of year	<u>\$ 78,153,144</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Method Used to Value Investments

Investments in the Municipal Employees Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Municipal Employees Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Municipal Employees Pension Plan's biennial actuarial valuation. Members in the Municipal Employees Pension Plan are required to contribute 6.50% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.25% percent investment rate of return (net of administrative costs) and (b) 2.25% inflation and salary increases ranging from 3.50% to 4.75%. The unfunded actuarial accrued liability is being amortized on the level dollar basis.

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The Municipal Employees Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Municipal Employees Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on Municipal Employees Pension Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on Municipal Employees Pension Plan investments, net of pension plan investment expenses not funded through the MMO was 10.90%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

The Municipal Employees Pension Plan investment policy in regard to allocation of invested assets is established and may be amended by the Township Council and Pension Board. The objective investment strategy is to reduce risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

A schedule of Municipal Employees Pension Plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	60.00%	6.80% - 10.00%
Fixed income	38.00%	3.70% - 6.20%
Cash and equivalents	2.00%	1.00% - 3.00%
Total portfolio	<u>100.00%</u>	

Net Pension Liability

The Township's net pension liability for the Municipal Employees Pension Plan has been measured as of December 31, 2024. The total pension liability was determined by an actuarial valuation as of January 1, 2023, and by rolling forward the liabilities from the January 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net pension liability is \$13,103,111 measured as the difference between the total pension liability of \$91,256,255 and the fiduciary net position of \$78,153,144.

The Township's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2024 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances as of January 31, 2024	\$ 89,462,192	\$ 74,195,407	\$ 15,266,785
Changes for the year			
Service cost	1,568,738	-	1,568,738
Interest cost	6,380,520	-	6,380,520
Employer contributions	-	1,875,921	(1,875,921)
Employee contributions	-	812,659	(812,659)
Other income	-	4,067	(4,067)
Changes in assumptions/net investment income	-	7,487,603	(7,487,603)
Benefit payments	(6,155,195)	(6,155,195)	-
Administrative expense	-	(67,318)	67,318
Net changes	<u>1,794,063</u>	<u>3,957,737</u>	<u>(2,163,674)</u>
Balances as of December 31, 2024	<u>\$ 91,256,255</u>	<u>\$ 78,153,144</u>	<u>\$ 13,103,111</u>

Upper Darby Township
Notes to Financial Statements
December 31, 2024

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 7.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	<u>\$ 23,844,260</u>	<u>\$ 13,103,111</u>	<u>\$ 4,283,122</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2024, the Township recognized pension expense of \$1,1015,870. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 552,688	\$ 5,616,468
Changes in assumptions	2,784,040	230,493
Net difference between projected and actual earnings on pension plan investments	<u>2,180,607</u>	<u>-</u>
	<u>\$ 5,517,335</u>	<u>\$ 5,846,961</u>

Other 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,

2025	\$ 779,068
2026	1,620,173
2027	(1,734,283)
2028	(650,255)
2029	<u>(344,330)</u>
	<u>\$ (329,626)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 7.25% (net of pension plan expense, including inflation)
- Discount rate – 7.25%.
- Inflation – 2.25%
- Salary increases – 3.50% - 4.75% per year

Upper Darby Township
Notes to Financial Statements
December 31, 2024

- Mortality rates – Pre & Post Retirement Mortality - Pub-2010 amount-weighted general mortality table with generational mortality from 2010 based on SOA scale MP-2021. – Survivor Mortality – Pub-2010 amount-weighted contingent survivor mortality table with generational mortality from 2010 based on SOA scape MP-2021.

Firefighters Pension Plan

The Upper Darby Township Firefighters Pension Plan accounts for a contributory, single-employer defined benefit pension plan (the "Firefighters Pension Plan") that covers all full-time firefighters of the Township. The Firefighters Pension Plan is governed by a Board of Trustees that is responsible for the management of Firefighters Pension Plan assets. The Board of Trustees is comprised of six trustees, three appointed by the Mayor and confirmed by the Township Council and three appointed by firefighters union.

Plan Membership

Membership in the Firefighters Pension Plan consisted of the following at January 1, 2023:

Active employees	56
Retirees and beneficiaries currently receiving benefits	43
Terminated plan members entitled to but not yet receiving benefits	-
	<u>99</u>

Benefit Provisions

The Firefighters Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Members are eligible for normal retirement after attainment of age 53 and 10 years of service. Normal retirement benefits are calculated as 2.50% of average compensation equal to the highest consecutive three years of compensation multiplied by years of service. Members are vested 100% after the completion of 12 years of service or at normal retirement age.

If a member is totally and permanently disabled, they are eligible for disability payments equal to 100% of their normal retirement benefit based on years of service at disability.

Upon the death of a member a benefit will be paid equal to the actuarial present value of the members accrued benefit at death.

Members who retired retirement before January 1, 1996, will be provided benefit increases effective July 1, 2002.

Condensed Financial Statements

For the year ended December 31, 2024, the Firefighters Pension Plan's statement of changes in fiduciary net position was as follows:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

	Firefighters Pension Fund
Assets	
Cash and equivalents	\$ 637,099
Investments	<u>50,551,850</u>
Total assets	<u>\$ 51,188,949</u>
Liabilities	
Accounts payable	<u>-</u>
Net Position	
Assets held in trust for pension benefits	<u>\$ 51,188,949</u>

For the year ended December 31, 2024, the Firefighters Pension Plan's statement of changes in fiduciary net position was as follows:

	Firefighters Pension Fund
Revenues	
Contributions	
Employer	\$ 2,303,178
Employee	509,800
Total contributions	<u>2,812,978</u>
Investment income	
Net realized and unrealized investment losses	3,520,212
Interest and dividend income	1,643,141
Less: Investment expenses	<u>(120,161)</u>
Net investment income	<u>5,043,192</u>
Total additions	<u>7,856,170</u>
Deductions	
Benefit payments	3,409,220
Administrative expenses	<u>31,638</u>
Total deductions	<u>3,440,858</u>
Change in net position	4,415,312
Net position	
Beginning of year	<u>46,773,637</u>
End of year	<u>\$ 51,188,949</u>

Basis of Accounting

The Firefighters Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Upper Darby Township
Notes to Financial Statements
December 31, 2024

Method Used to Value Investments

Investments in the Firefighters Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Firefighters Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Firefighters Pension Plan's biennial actuarial valuation. Members in the Firefighters Pension Plan are required to contribute 6.00% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.75% percent investment rate of return (net of administrative costs) and (b) 3.00% inflation and 4.75% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar over 7 years.

Discount Rate

The discount rate used to measure the total pension liability is 6.75%. The Firefighters Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Firefighters Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on Firefighters Pension Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on Firefighters Pension Plan investments, net of pension plan investment expenses not funded through the MMO was 11.40%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

The Firefighters Pension Plan investment policy in regard to allocation of invested assets is established and may be amended by the Township Council and Pension Board. The objective investment strategy is to reduce risk while maximizing returns through prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

A schedule of Firefighters Pension Plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	65.00%	7.80% - 8.00%
Fixed income	32.00%	5.00%
Cash and equivalents	3.00%	3.00%
Total portfolio	<u>100.00%</u>	<u>6.80%</u>

Net Pension Liability

The Township's net pension liability for the Firefighters Pension Plan has been measured as of December 31, 2024. The total pension liability was determined by an actuarial valuation as of January 1, 2023, and by rolling forward the liabilities from the January 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net pension liability is \$9,801,648 measured as the difference between the total pension liability of \$60,990,597 and the fiduciary net position of \$51,188,949.

The Township's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2024 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances as of January 1, 2024	<u>\$ 58,988,638</u>	<u>\$ 46,773,637</u>	<u>\$ 12,215,001</u>
Changes for the year			
Service cost	1,319,352	-	1,319,352
Interest cost	3,955,728	-	3,955,728
Differences between expected and actual experience	136,099	-	136,099
Employer contributions	-	2,303,178	(2,303,178)
Employee contributions	-	509,800	(509,800)
Net investment income	-	5,043,192	(5,043,192)
Benefit payments	(3,409,220)	(3,409,220)	-
Administrative expense	-	(31,638)	31,638
Net changes	<u>2,001,959</u>	<u>4,415,312</u>	<u>(2,413,353)</u>
Balances as of December 31, 2024	<u>\$ 60,990,597</u>	<u>\$ 51,188,949</u>	<u>\$ 9,801,648</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township calculated using the discount rate 6.75%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

Upper Darby Township
Notes to Financial Statements
December 31, 2024

	1% Decrease	Current Discount	1% Increase
	5.75%	Rate	7.75%
		6.75%	
Net pension liability	<u>\$ 17,060,423</u>	<u>\$ 9,801,648</u>	<u>\$ 3,648,873</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2024, the Township recognized pension expense of \$2,991,635. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,314,070	\$ 41,766
Net difference between projected and actual earnings on pension plan investments	<u>181,359</u>	<u>-</u>
	<u>\$ 3,495,429</u>	<u>\$ 41,766</u>

Other 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,

2025	\$ 1,457,215
2026	1,917,820
2027	(451,041)
2028	(13,747)
2029	356,158
Thereafter	<u>187,258</u>
	<u>\$ 3,453,663</u>

Actuarial Methods and Significant Assumptions

- Investment return – 6.75% (net of pension plan expense, including inflation)
- Discount rate – 6.75%
- Inflation – 3.0%
- Salary increases – 4.75% per year
- Mortality rates – RP-2000 Mortality Tables (Blue Collar), projected to 2024 with Scale AA

Upper Darby Township
Notes to Financial Statements
December 31, 2024

11. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

12. RISK MANAGEMENT

Property and Liability

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. Significant losses are covered by commercial insurance for all major programs except for workers compensation and employee health, for which the Township retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during 2024. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Health Insurance

The Township participates in a consortium with other participating governmental agencies from Delaware County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

13. RESTATEMENT OF BEGINNING NET POSITION

During fiscal year 2024, change in accounting principle for the implementation of GASB Statement 101 resulted in a restatement of beginning net position as follows:

	<u>Governmental Activities</u>
January 1, 2024 as previously reported	\$ (306,323,801)
Change in accounting principle	<u>(3,215,802)</u>
January 1, 2024 as restated	<u>\$ (309,539,603)</u>

The implementation of GASB 101 increased noncurrent liabilities due within one year and due in more than one year and expenses for governmental activities, public safety, public works, culture and recreation, and community development as of and for the year ended December 31, 2024. There was no impact on the fund financial statements as a result of implementation of GASB Statement No. 101.

REQUIRED SUPPLEMENTARY INFORMATION

Upper Darby Township
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues				
Taxes				
Real estate taxes	\$ 58,106,503	\$ 58,106,503	\$ 56,028,851	\$ (2,077,652)
Local enabling act taxes				
Real estate transfer taxes	2,100,000	2,100,000	2,468,801	368,801
Mercantile taxes	1,541,240	1,541,240	983,470	(557,770)
Business privilege taxes	1,470,105	1,470,105	1,294,898	(175,207)
Local services tax	<u>710,000</u>	<u>710,000</u>	<u>888,849</u>	<u>178,849</u>
Total taxes	63,927,848	63,927,848	61,664,869	(2,262,979)
Licenses and permits	2,787,563	2,787,563	3,308,287	520,724
Fines and forfeits	795,010	795,010	1,084,350	289,340
Interest, rents and royalties	1,031,479	1,031,479	1,576,938	545,459
Intergovernmental revenues	5,620,113	5,620,113	7,686,704	2,066,591
Charges for services	9,964,395	9,964,395	10,472,223	507,828
Contributions and donations	-	-	39,296	39,296
Miscellaneous	<u>200,000</u>	<u>200,000</u>	<u>147,217</u>	<u>(52,783)</u>
Total revenues	<u>84,326,408</u>	<u>84,326,408</u>	<u>85,979,884</u>	<u>1,653,476</u>
Expenditures				
Current				
General government				
Legislative	310,852	332,521	342,024	(9,503)
Executive	121,305	123,789	127,649	(3,860)
Auditing services/financial administration	1,843,837	1,687,064	1,673,769	13,295
Solicitor/legal services	442,000	551,746	573,536	(21,790)
Secretary/clerk	1,497,503	1,407,518	1,490,308	(82,790)
Other general government administration	452,743	452,743	342,562	110,181
IT-networking services-data processing	707,810	635,185	603,635	31,550
General government buildings and plant	<u>2,298,199</u>	<u>2,233,196</u>	<u>2,332,116</u>	<u>(98,920)</u>
Total general government	<u>7,674,249</u>	<u>7,423,762</u>	<u>7,485,599</u>	<u>(61,837)</u>
Public safety				
Police	34,234,083	34,456,419	35,693,539	(1,237,120)
Fire	16,853,532	16,712,619	16,223,663	488,956
Ambulance/rescue	704,884	739,152	731,663	7,489
UCC and code enforcement	2,714,715	2,714,715	2,590,078	124,637
Planning and zoning	205,163	260,830	279,278	(18,448)
Other public safety	<u>-</u>	<u>21,307</u>	<u>21,260</u>	<u>47</u>
Total public safety	<u>54,712,377</u>	<u>54,905,042</u>	<u>55,539,481</u>	<u>(634,439)</u>
Public works - sanitation				
Recycling collection and disposal	269,136	269,136	181,591	87,545
Solid waste collection and disposal	<u>9,902,888</u>	<u>9,902,888</u>	<u>9,523,367</u>	<u>379,521</u>
Total public works -sanitation	<u>10,172,024</u>	<u>10,172,024</u>	<u>9,704,958</u>	<u>467,066</u>

Upper Darby Township
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Public works - highways and streets				
General services - administration	\$ 3,490,260	\$ 3,536,867	\$ 3,308,128	\$ 228,739
Cleaning of streets and gutters	687,367	690,669	699,670	(9,001)
Traffic control devices	24,000	24,000	32,542	(8,542)
Street lighting	1,245,759	1,245,759	1,201,156	44,603
Repair of tools and machinery	2,799	2,799	154,414	(151,615)
Highway construction and rebuilding projects	655,633	655,633	1,143,356	(487,723)
Total public works -highways and streets	<u>6,105,818</u>	<u>6,155,727</u>	<u>6,539,266</u>	<u>(383,539)</u>
Public works - other services				
Parking	<u>1,251,203</u>	<u>1,251,203</u>	<u>1,138,916</u>	<u>112,287</u>
Culture and recreation				
Culture and recreation - administration	973,069	973,069	997,986	(24,917)
Parks	2,645,015	2,645,015	2,232,792	412,223
Libraries	1,547,056	1,547,056	1,547,056	-
Civil and military celebrations	20,000	20,000	16,923	3,077
Senior citizens' centers	<u>930,912</u>	<u>930,912</u>	<u>791,750</u>	<u>139,162</u>
Total culture and recreation	<u>6,116,052</u>	<u>6,116,052</u>	<u>5,586,507</u>	<u>529,545</u>
Community development				
Community development and housing	<u>2,344,685</u>	<u>2,352,598</u>	<u>1,868,895</u>	<u>483,703</u>
Total expenditures	<u>88,376,408</u>	<u>88,376,408</u>	<u>87,863,622</u>	<u>512,786</u>
Excess deficiency of revenues over (under) expenditures	<u>(4,050,000)</u>	<u>(4,050,000)</u>	<u>(1,883,738)</u>	<u>2,166,262</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	70,445	70,445
Transfers in	4,010,000	19,537,898	18,129,731	(1,408,167)
Transfers out	-	(15,527,898)	(15,527,898)	-
Refund of prior year revenues	(120,000)	(120,000)	(969,265)	(849,265)
Refund of prior year expenditures	<u>160,000</u>	<u>160,000</u>	<u>379,169</u>	<u>219,169</u>
Total other financing sources (uses)	<u>4,050,000</u>	<u>4,050,000</u>	<u>2,082,182</u>	<u>(1,967,818)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	198,444	<u>\$ 198,444</u>
Fund balance				
Beginning of year			<u>12,579,683</u>	
End of year			<u>\$ 12,778,127</u>	

Upper Darby Township
Budgetary Comparison Schedule – Sewer Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues			
Sewer rental assessments	\$ 12,036,577	\$ 12,228,420	\$ 191,843
Interest, rent and royalties	55,000	41,959	(13,041)
Total revenues	<u>12,091,577</u>	<u>12,270,379</u>	<u>178,802</u>
Expenditures			
Current			
Public works - sanitation			
Wastewater/sewage collection and treatment	<u>11,391,577</u>	<u>10,362,084</u>	<u>1,029,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>700,000</u>	<u>1,908,295</u>	<u>(850,691)</u>
Other financial sources (uses)			
Transfers out	<u>(700,000)</u>	<u>(732,718)</u>	<u>32,718</u>
Net change in fund balance	<u>\$ -</u>	<u>1,175,577</u>	<u>\$ (817,973)</u>
Fund balance			
Beginning of year		<u>5,011,533</u>	
End of year		<u>\$ 6,187,110</u>	

Upper Darby Township
Schedule of Changes in Police Net Pension Plan Liability
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Service cost	\$ 4,637,250	\$ 4,474,198	\$ 3,993,654	\$ 3,858,603	\$ 4,208,914	\$ 4,069,721	\$ 3,829,248	\$ 3,655,606	\$ 3,666,355	\$ 3,349,022
Interest cost	9,214,252	8,841,687	8,657,764	8,328,007	7,685,231	7,321,920	7,650,631	7,212,605	6,951,797	6,367,532
Differences between expected and actual experience	-	(2,195,305)	-	4,296,525	3,248	(285,059)	(45,695)	(2,733,364)	-	(4,040,837)
Changes of assumptions	-	-	-	114,833	(258,094)	2,551,487	(5,763,975)	249,081	-	8,907,859
Benefit payments	<u>(7,908,132)</u>	<u>(7,892,314)</u>	<u>(7,731,468)</u>	<u>(7,545,001)</u>	<u>(6,824,575)</u>	<u>(5,936,319)</u>	<u>(5,388,607)</u>	<u>(5,043,907)</u>	<u>(4,493,295)</u>	<u>(4,460,947)</u>
Net change in total pension liability	5,943,370	3,228,266	4,919,950	9,052,967	4,814,724	7,721,750	281,602	3,340,021	6,124,857	10,122,629
Total pension liability, beginning	<u>131,431,385</u>	<u>128,203,119</u>	<u>123,283,169</u>	<u>114,230,202</u>	<u>109,415,478</u>	<u>101,693,728</u>	<u>101,412,126</u>	<u>98,072,105</u>	<u>91,947,248</u>	<u>81,824,619</u>
Total pension liability, ending	<u>\$ 137,374,755</u>	<u>\$ 131,431,385</u>	<u>\$ 128,203,119</u>	<u>\$ 123,283,169</u>	<u>\$ 114,230,202</u>	<u>\$ 109,415,478</u>	<u>\$ 101,693,728</u>	<u>\$ 101,412,126</u>	<u>\$ 98,072,105</u>	<u>\$ 91,947,248</u>
Plan fiduciary net position										
Employer contributions	\$ 6,168,049	\$ 5,169,270	\$ 4,792,035	\$ 4,514,170	\$ 4,518,637	\$ 4,975,380	\$ 5,726,733	\$ 4,711,803	\$ 4,538,737	\$ 5,012,337
Employee contributions	931,755	986,487	866,145	848,134	688,328	843,661	836,447	754,436	859,918	777,447
Net investment income (loss)	12,732,197	15,513,889	(17,681,708)	13,603,188	14,021,200	16,022,504	(4,747,288)	11,309,664	5,161,225	(437,319)
Benefit payments	(7,908,132)	(7,892,314)	(7,731,468)	(7,545,001)	(6,824,575)	(5,936,319)	(5,388,607)	(5,043,907)	(4,493,295)	(4,460,947)
Administrative and investment expenses	<u>(23,723)</u>	<u>(171,998)</u>	<u>(184,658)</u>	<u>(379,671)</u>	<u>(329,157)</u>	<u>(327,575)</u>	<u>(338,662)</u>	<u>(322,586)</u>	<u>(263,278)</u>	<u>(292,272)</u>
Net change in plan fiduciary net position	11,900,146	13,605,334	(19,939,654)	11,040,820	12,074,433	15,577,651	(3,911,377)	11,409,410	5,803,307	599,246
Fiduciary net position, beginning	<u>107,391,936</u>	<u>93,786,602</u>	<u>113,726,256</u>	<u>102,685,436</u>	<u>90,611,003</u>	<u>75,033,352</u>	<u>78,944,729</u>	<u>67,535,319</u>	<u>61,732,012</u>	<u>61,132,766</u>
Fiduciary net position, ending	<u>\$ 119,292,082</u>	<u>\$ 107,391,936</u>	<u>\$ 93,786,602</u>	<u>\$ 113,726,256</u>	<u>\$ 102,685,436</u>	<u>\$ 90,611,003</u>	<u>\$ 75,033,352</u>	<u>\$ 78,944,729</u>	<u>\$ 67,535,319</u>	<u>\$ 61,732,012</u>
Net pension liability	<u>\$ 18,082,673</u>	<u>\$ 24,039,449</u>	<u>\$ 34,416,517</u>	<u>\$ 9,556,913</u>	<u>\$ 11,544,766</u>	<u>\$ 18,804,475</u>	<u>\$ 26,660,376</u>	<u>\$ 22,467,397</u>	<u>\$ 30,536,786</u>	<u>\$ 30,215,236</u>
Fiduciary net position as a % of total pension liability	86.84%	81.71%	73.15%	92.25%	89.89%	82.81%	73.78%	77.85%	68.86%	67.14%
Covered payroll	\$ 17,249,269	\$ 18,467,660	\$ 14,994,634	\$ 14,334,142	\$ 15,172,803	\$ 14,927,595	\$ 15,280,806	\$ 14,474,564	\$ 14,304,153	\$ 13,841,548
Net pension liability as a % of covered payroll	104.83%	130.17%	229.53%	66.67%	76.09%	125.97%	174.47%	155.22%	213.48%	218.29%

Upper Darby Township
Schedule of Police Pension Plan Contributions
Year Ended December 31

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 5,012,337	\$ 5,012,337	\$ -	\$ 13,841,548	36.21%
2016	4,538,737	4,538,737	-	14,304,153	31.73%
2017	4,711,803	4,711,803	-	14,474,564	32.55%
2018	5,726,733	5,726,733	-	15,280,806	37.48%
2019	4,975,380	4,975,380	-	14,927,595	33.33%
2020	4,518,637	4,518,637	-	15,172,803	29.78%
2021	4,514,170	4,514,170	-	14,334,142	31.49%
2022	4,792,035	4,792,035	-	14,994,634	31.96%
2023	5,169,270	5,169,270	-	18,467,660	27.99%
2024	6,168,049	6,168,049	-	17,249,269	35.76%

Upper Darby Township
Schedule of Police Pension Plan Investment Returns
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment return	<u>12.12%</u>	<u>16.87%</u>	<u>-16.05%</u>	<u>13.34%</u>	<u>15.45%</u>	<u>21.39%</u>	<u>-6.44%</u>	<u>16.65%</u>	<u>8.12%</u>	<u>-1.07%</u>

Upper Darby Township
Schedule of Changes in Municipal Employees Net Pension Plan Liability
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Service cost	\$ 1,568,738	\$ 1,525,104	\$ 1,511,014	\$ 1,657,901	\$ 1,716,306	\$ 1,734,361	\$ 1,667,557	\$ 1,436,443	\$ 1,531,882	\$ 1,364,058
Interest cost	6,380,520	6,606,641	6,420,424	6,506,650	6,263,543	6,009,012	5,576,474	5,432,696	5,413,416	4,981,253
Differences between expected and actual experience	-	(4,362,044)	-	(3,527,228)	-	1,473,838	(645,678)	(3,003,293)	(612,438)	(1,340,172)
Changes of assumptions	-	1,951,734	-	(559,769)	-	913,344	3,763,027	-	-	-
Benefit payments	<u>(6,155,195)</u>	<u>(5,545,117)</u>	<u>(5,383,092)</u>	<u>(4,788,353)</u>	<u>(4,575,531)</u>	<u>(4,096,266)</u>	<u>(3,771,312)</u>	<u>(3,770,947)</u>	<u>(3,446,427)</u>	<u>(3,181,427)</u>
Net change in total pension liability	1,794,063	176,318	2,548,346	(710,799)	3,404,318	6,034,289	6,590,068	94,899	2,886,433	1,823,712
Total pension liability, beginning	<u>89,462,192</u>	<u>89,285,874</u>	<u>86,737,528</u>	<u>87,448,327</u>	<u>84,044,009</u>	<u>78,009,720</u>	<u>71,419,652</u>	<u>71,324,753</u>	<u>68,438,320</u>	<u>66,614,608</u>
Total pension liability, ending	<u>\$ 91,256,255</u>	<u>\$ 89,462,192</u>	<u>\$ 89,285,874</u>	<u>\$ 86,737,528</u>	<u>\$ 87,448,327</u>	<u>\$ 84,044,009</u>	<u>\$ 78,009,720</u>	<u>\$ 71,419,652</u>	<u>\$ 71,324,753</u>	<u>\$ 68,438,320</u>
Plan fiduciary net position										
Employer contributions	\$ 1,875,921	\$ 1,910,255	\$ 1,848,170	\$ 2,000,610	\$ 2,032,743	\$ 1,062,470	\$ 1,019,287	\$ 962,580	\$ 907,281	\$ 873,334
Employee contributions	812,659	770,661	797,119	717,835	739,882	776,067	761,528	728,513	766,948	691,270
Other income	4,067	5,480	3,833	-	-	-	-	-	10,787	7,055
Net investment income	7,487,603	9,419,925	(12,482,007)	9,243,000	7,636,934	11,502,809	(3,979,837)	9,035,734	2,380,341	110,645
Benefit payments	(6,155,195)	(5,545,117)	(5,383,092)	(4,788,353)	(4,575,531)	(4,096,266)	(3,771,312)	(3,770,947)	(3,446,427)	(3,181,428)
Administrative expense	<u>(67,318)</u>	<u>(78,922)</u>	<u>(83,015)</u>	<u>(36,549)</u>	<u>(54,715)</u>	<u>(64,437)</u>	<u>(68,967)</u>	<u>(60,639)</u>	<u>(68,786)</u>	<u>(87,785)</u>
Net change in plan fiduciary net position	3,957,737	6,482,282	(15,298,992)	7,136,543	5,779,313	9,180,643	(6,039,301)	6,895,241	550,144	(1,586,909)
Fiduciary net position, beginning	<u>74,195,407</u>	<u>67,713,125</u>	<u>83,012,117</u>	<u>75,875,574</u>	<u>70,096,261</u>	<u>60,915,618</u>	<u>66,954,919</u>	<u>60,059,678</u>	<u>59,509,534</u>	<u>61,096,443</u>
Fiduciary net position, ending	<u>\$ 78,153,144</u>	<u>\$ 74,195,407</u>	<u>\$ 67,713,125</u>	<u>\$ 83,012,117</u>	<u>\$ 75,875,574</u>	<u>\$ 70,096,261</u>	<u>\$ 60,915,618</u>	<u>\$ 66,954,919</u>	<u>\$ 60,059,678</u>	<u>\$ 59,509,534</u>
Net pension liability	<u>\$ 13,103,111</u>	<u>\$ 15,266,785</u>	<u>\$ 21,572,749</u>	<u>\$ 3,725,411</u>	<u>\$ 11,572,753</u>	<u>\$ 13,947,748</u>	<u>\$ 17,094,102</u>	<u>\$ 4,464,733</u>	<u>\$ 11,265,075</u>	<u>\$ 8,928,786</u>
Fiduciary net position as a % of total pension liability	85.64%	82.93%	75.84%	95.70%	86.77%	83.40%	78.09%	93.75%	84.21%	86.95%
Covered payroll	\$ 13,137,196	\$ 12,591,402	\$ 12,374,092	\$ 11,867,356	\$ 13,157,501	\$ 12,621,104	\$ 12,141,067	\$ 11,694,804	\$ 11,658,330	\$ 11,142,155
Net pension liability (asset) as a % of covered payroll	99.74%	121.25%	174.34%	31.39%	87.96%	110.51%	140.80%	38.18%	96.63%	80.14%

Upper Darby Township
Schedule of Municipal Employees Pension Plan Contributions
Year Ended December 31

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 873,334	\$ 873,334	\$ -	\$ 11,142,155	7.84%
2016	907,281	907,281	-	11,658,330	7.78%
2017	962,580	962,580	-	11,694,804	8.23%
2018	1,019,287	1,019,287	-	12,141,067	8.40%
2019	1,062,470	1,062,470	-	12,621,104	8.42%
2020	2,032,743	2,032,743	-	13,157,501	15.45%
2021	2,000,610	2,000,610	-	11,867,356	16.86%
2022	1,848,170	1,848,170	-	12,374,092	14.94%
2023	1,910,255	1,910,255	-	12,591,402	15.17%
2024	1,875,921	1,875,921	-	13,137,196	14.28%

Upper Darby Township
Schedule of Municipal Employees Plan Investment Returns
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment return	<u>10.90%</u>	<u>14.30%</u>	<u>-14.80%</u>	<u>13.82%</u>	<u>11.29%</u>	<u>19.17%</u>	<u>-5.70%</u>	<u>15.94%</u>	<u>4.63%</u>	<u>-0.71%</u>

Upper Darby Township
Schedule of Changes in Firefighters Net Pension Plan Liability
Year Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 1,319,352	\$ 1,329,594	\$ 1,155,881	\$ 1,160,084	\$ 935,559	\$ 960,129	\$ 910,894	\$ 930,306	\$ 848,744	\$ 832,869
Interest cost	3,955,728	3,676,951	3,538,931	3,217,125	3,105,447	2,701,881	2,663,029	2,432,481	2,379,778	2,258,285
Differences between expected and actual experience	136,099	2,524,739	357,471	3,097,394	(563,856)	2,616,887	(449,968)	119,120	(309,056)	(551,095)
Changes of assumptions	-	-	-	-	-	1,185,147	-	970,160	-	-
Benefit payments	(3,409,220)	(3,372,791)	(2,989,718)	(2,416,106)	(1,678,247)	(1,243,211)	(1,133,984)	(1,144,224)	(1,007,436)	(752,903)
Net change in total pension liability	2,001,959	4,158,493	2,062,565	5,058,497	1,798,903	6,220,833	1,989,971	3,307,843	1,912,030	1,787,156
Total pension liability, beginning	58,988,638	54,830,145	52,767,580	47,709,083	45,910,180	39,689,347	37,699,376	34,391,533	32,479,503	30,692,347
Total pension liability, ending	<u>\$ 60,990,597</u>	<u>\$ 58,988,638</u>	<u>\$ 54,830,145</u>	<u>\$ 52,767,580</u>	<u>\$ 47,709,083</u>	<u>\$ 45,910,180</u>	<u>\$ 39,689,347</u>	<u>\$ 37,699,376</u>	<u>\$ 34,391,533</u>	<u>\$ 32,479,503</u>
Plan fiduciary net position										
Employer contributions	\$ 2,303,178	\$ 2,168,813	\$ 2,101,841	\$ 2,543,984	\$ 2,060,501	\$ 2,128,047	\$ 1,631,536	\$ 1,586,677	\$ 1,515,976	\$ 1,125,538
Employee contributions	509,800	797,370	492,901	441,643	389,125	436,575	416,389	365,555	394,308	367,743
Other income	-	-	-	-	-	-	3,585	191,293	-	-
Net investment income (loss)	5,043,192	6,142,938	(7,123,947)	5,019,496	5,681,224	5,607,695	(1,777,464)	3,767,421	1,750,732	(271,486)
Benefit payments	(3,409,220)	(3,372,791)	(2,989,718)	(2,416,106)	(1,678,247)	(1,243,211)	(1,133,984)	(1,144,224)	(1,007,436)	(752,903)
Administrative expense	(31,638)	(47,208)	(31,125)	(15,050)	(29,576)	(32,575)	(24,936)	(28,185)	(31,094)	(32,046)
Net change in plan fiduciary net position	4,415,312	5,689,122	(7,550,048)	5,573,967	6,423,027	6,896,531	(884,874)	4,738,537	2,622,486	436,846
Fiduciary net position, beginning	46,773,637	41,084,515	48,634,563	43,060,596	36,637,569	29,741,038	30,625,912	25,887,375	23,264,889	22,828,043
Fiduciary net position, ending	<u>\$ 51,188,949</u>	<u>\$ 46,773,637</u>	<u>\$ 41,084,515</u>	<u>\$ 48,634,563</u>	<u>\$ 43,060,596</u>	<u>\$ 36,637,569</u>	<u>\$ 29,741,038</u>	<u>\$ 30,625,912</u>	<u>\$ 25,887,375</u>	<u>\$ 23,264,889</u>
Net pension liability	<u>\$ 9,801,648</u>	<u>\$ 12,215,001</u>	<u>\$ 13,745,630</u>	<u>\$ 4,133,017</u>	<u>\$ 4,648,487</u>	<u>\$ 9,272,611</u>	<u>\$ 9,948,309</u>	<u>\$ 7,073,464</u>	<u>\$ 8,504,158</u>	<u>\$ 9,214,614</u>
Fiduciary net position as a % of total pension liability	83.93%	79.29%	74.93%	92.17%	90.26%	79.80%	74.93%	81.24%	75.27%	71.63%
Covered payroll	\$ 7,932,810	\$ 8,016,990	\$ 7,914,278	\$ 6,998,589	\$ 7,565,378	\$ 7,226,128	\$ 6,854,800	\$ 6,149,717	\$ 6,434,030	\$ 6,142,272
Net pension liability as a % of covered payroll	123.56%	152.36%	173.68%	59.06%	61.44%	128.32%	145.13%	115.02%	132.17%	150.02%

Upper Darby Township
Schedule of Firefighters Pension Plan Contributions
Year Ended December 31

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 1,125,538	\$ 1,125,538	\$ -	\$ 6,142,272	18.32%
2016	1,305,775	1,305,775	-	6,434,030	20.29%
2017	1,586,677	1,586,677	-	6,149,717	25.80%
2018	1,631,536	1,631,536	-	6,854,800	23.80%
2019	2,128,047	2,128,047	-	7,226,128	29.45%
2020	2,060,501	2,060,501	-	7,565,378	27.24%
2021	2,543,984	2,543,984	-	6,998,589	36.35%
2022	2,101,841	2,101,841	-	7,914,278	26.56%
2023	2,168,813	2,168,813	-	8,016,990	27.05%
2024	2,303,178	2,299,478	(3,700)	7,932,810	29.03%

Upper Darby Township
Schedule of Firefighters Plan Investment Returns
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment return	<u>11.40%</u>	<u>19.50%</u>	<u>-14.80%</u>	<u>14.81%</u>	<u>13.60%</u>	<u>18.30%</u>	<u>-5.30%</u>	<u>15.10%</u>	<u>7.56%</u>	<u>-1.19%</u>

Upper Darby Township
Schedule of Changes in OPEB Liability
Year Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability								
Service cost	\$ 8,997,135	\$ 8,461,735	\$ 12,032,428	\$ 12,783,923	\$ 12,557,473	\$ 12,784,036	\$ 16,640,334	\$ 13,637,039
Interest cost	8,603,630	8,873,490	7,213,277	6,314,449	9,536,995	9,886,919	9,675,368	9,647,103
Differences between expected and actual experience	(395,112)	(9,142,980)	(38,668,710)	(31,933,903)	(17,787,925)	(42,512,515)	-	-
Changes of assumptions	6,951,093	(2,795,937)	(76,032,037)	(17,968,858)	68,495,480	7,341,705	(27,406,607)	28,249,754
Benefit payments	<u>(6,057,243)</u>	<u>(5,278,405)</u>	<u>(7,801,438)</u>	<u>(6,121,519)</u>	<u>(8,612,557)</u>	<u>(5,816,645)</u>	<u>(5,104,639)</u>	<u>(5,119,112)</u>
Net change in total OPEB liability	18,099,503	117,903	(103,256,480)	(36,925,908)	64,189,466	(18,316,500)	(6,195,544)	46,414,784
Total OPEB liability, beginning	<u>209,319,795</u>	<u>209,201,892</u>	<u>312,458,372</u>	<u>349,384,280</u>	<u>285,194,814</u>	<u>303,511,314</u>	<u>309,706,858</u>	<u>263,292,074</u>
Total OPEB liability, ending	<u>\$ 227,419,298</u>	<u>\$ 209,319,795</u>	<u>\$ 209,201,892</u>	<u>\$ 312,458,372</u>	<u>\$ 349,384,280</u>	<u>\$ 285,194,814</u>	<u>\$ 303,511,314</u>	<u>\$ 309,706,858</u>
Plan fiduciary net position								
Employer contributions	\$ 6,057,243	\$ 5,278,405	\$ 7,801,438	\$ 6,121,519	\$ 8,612,557	\$ 5,816,645	\$ 5,104,639	\$ 5,119,112
Employee contributions	403,965	362,891	441,790	447,330	595,449	426,046	393,236	399,715
Benefit payments	<u>(6,461,208)</u>	<u>(5,641,296)</u>	<u>(8,243,228)</u>	<u>(6,568,849)</u>	<u>(9,208,006)</u>	<u>(6,242,691)</u>	<u>(5,497,875)</u>	<u>(5,518,827)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 37,972,257	\$ 29,418,789	\$ 35,787,784	\$ 28,787,310	\$ 39,542,740	\$ 30,683,950	\$ 29,388,021	\$ 28,055,390
Total OPEB liability (asset) as a % of covered payroll	598.91%	711.52%	584.56%	1085.40%	883.56%	929.46%	1032.77%	1103.91%

SUPPLEMENTARY INFORMATION

Upper Darby Township
Combining Balance Sheet – Capital Project Funds
December 31, 2024

	Capital Projects Fund	Capital Reserve Fund	Total
Assets			
Cash and equivalents	\$ 1,658,924	\$ 13,870,376	\$ 15,529,300
Due from other funds	<u>-</u>	<u>1,079,724</u>	<u>1,079,724</u>
Total assets	<u>\$ 1,658,924</u>	<u>\$ 14,950,100</u>	<u>\$ 16,609,024</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 109,139	\$ -	\$ 109,139
Due to other funds	<u>54,199</u>	<u>-</u>	<u>54,199</u>
Total liabilities	<u>163,338</u>	<u>-</u>	<u>163,338</u>
Fund balances			
Restricted			
Capital projects	1,495,586	-	1,495,586
Committed			
Capital projects	<u>-</u>	<u>14,950,100</u>	<u>14,950,100</u>
Total fund balances	<u>1,495,586</u>	<u>14,950,100</u>	<u>16,445,686</u>
Total liabilities and fund balances	<u>\$ 1,658,924</u>	<u>\$ 14,950,100</u>	<u>\$ 16,609,024</u>

Upper Darby Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
– Capital Project Funds
December 31, 2024

	Capital Projects Fund	Capital Reserve Fund	Total
Revenues			
Interest, rent and royalties	\$ 89,992	\$ 222,202	\$ 312,194
Expenditures			
Current			
General government	227,936	-	227,936
Public safety	140,725	-	140,725
Public works - highways and streets	428,697	-	428,697
Public works - other services	3,375	-	3,375
Culture and recreation	2,595	-	2,595
Total expenditures	803,328	-	803,328
Excess (deficiency) of revenues over (under) expenditures	(713,336)	222,202	(491,134)
Other financing sources (uses)			
Transfers in	-	14,727,898	14,727,898
Total other financing sources (uses)	-	14,727,898	14,727,898
Net change in fund balances	(713,336)	14,950,100	14,236,764
Fund balances			
Beginning of year	2,208,922	-	2,208,922
End of year	\$ 1,495,586	\$ 14,950,100	\$ 16,445,686

Upper Darby Township
Combining Balance Sheet – Nonmajor Funds
December 31, 2024

	Debt Service Fund	Highway Aid Fund	Total
Assets			
Cash and equivalents	\$ -	\$ 3,169,576	\$ 3,169,576
Receivables			
Real estate taxes	293,052	-	293,052
Due from other funds	<u>1,138,123</u>	<u>52,557</u>	<u>1,190,680</u>
Total assets	<u>\$ 1,431,175</u>	<u>\$ 3,222,133</u>	<u>\$ 4,653,308</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 40,794	\$ 40,794
Accrued salaries, payroll withholdings and benefits	<u>-</u>	<u>21,079</u>	<u>21,079</u>
Total liabilities	<u>-</u>	<u>61,873</u>	<u>61,873</u>
Deferred inflows of resources			
Unavailable revenues - taxes, sewer assessments and trash fees	<u>281,737</u>	<u>-</u>	<u>281,737</u>
Fund balances			
Restricted			
Debt service	1,149,438	-	1,149,438
Public works - highways and streets	<u>-</u>	<u>3,160,260</u>	<u>3,160,260</u>
Total fund balances	<u>1,149,438</u>	<u>3,160,260</u>	<u>4,309,698</u>
Total liabilities and fund balances	<u>\$ 1,431,175</u>	<u>\$ 3,222,133</u>	<u>\$ 4,653,308</u>

Upper Darby Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
– Nonmajor Funds
December 31, 2024

	Debt Service Fund	Highway Aid Fund	Total
Revenues			
Taxes and assessments			
Real estate taxes	\$ 1,777,843	\$ -	\$ 1,777,843
Interest, rent and royalties	-	100,214	100,214
Intergovernmental revenues	-	1,946,697	1,946,697
Total revenues	<u>1,777,843</u>	<u>2,046,911</u>	<u>3,824,754</u>
Expenditures			
Current			
Public works - highways and streets	-	1,242,685	1,242,685
Debt service			
Principal	1,475,000	-	1,475,000
Interest	529,064	-	529,064
Total expenditures	<u>2,004,064</u>	<u>1,242,685</u>	<u>3,246,749</u>
Net change in fund balances	(226,221)	804,226	578,005
Fund balances			
Beginning of year	<u>1,375,659</u>	<u>2,356,034</u>	<u>3,731,693</u>
End of year	<u>\$ 1,149,438</u>	<u>\$ 3,160,260</u>	<u>\$ 4,309,698</u>

Upper Darby Township
Combining Statement of Net Position – Fiduciary Funds
December 31, 2024

	Pension Trust Funds			
	Police Pension Fund	Municipal Employees Pension Fund	Firefighters Pension Fund	Total
Assets				
Cash and equivalents	\$ 2,051,574	\$ 1,545,888	\$ 637,099	\$ 4,234,561
Investments	117,285,261	76,431,619	50,551,850	244,268,730
Contributions receivable	-	30,855	-	30,855
Interest receivable	-	149,942	-	149,942
Other receivable	-	1,200	-	1,200
Prepaid expenses	-	2,994	-	2,994
 Total assets	 119,336,835	 78,162,498	 51,188,949	 248,688,282
Liabilities				
Accounts payable	44,753	9,354	-	54,107
 Net Position				
Assets held in trust for pension benefits	<u>\$ 119,292,082</u>	<u>\$ 78,153,144</u>	<u>\$ 51,188,949</u>	<u>\$ 248,634,175</u>

Upper Darby Township
Combining Statement of Changes in Net Position – Fiduciary Funds
Year ended December 31, 2024

	Pension Trust Funds			
	Police Pension Fund	Municipal Employees Pension Fund	Firefighters Pension Fund	Total
Revenues				
Contributions				
Employer	\$ 6,168,049	\$ 1,875,921	\$ 2,303,178	\$ 10,347,148
Employee	931,755	812,659	509,800	2,254,214
Other	-	4,067	-	4,067
Total contributions	<u>7,099,804</u>	<u>2,692,647</u>	<u>2,812,978</u>	<u>12,605,429</u>
Investment income (loss)				
Net realized and unrealized investment losses	10,065,016	5,751,537	3,520,212	19,336,765
Interest and dividend income	2,834,732	2,082,982	1,643,141	6,560,855
Less: Investment expenses	<u>(167,551)</u>	<u>(346,916)</u>	<u>(120,161)</u>	<u>(634,628)</u>
Net investment income (loss)	<u>12,732,197</u>	<u>7,487,603</u>	<u>5,043,192</u>	<u>25,262,992</u>
Total additions	<u>19,832,001</u>	<u>10,180,250</u>	<u>7,856,170</u>	<u>37,868,421</u>
Deductions				
Benefit payments	7,908,132	6,155,195	3,409,220	17,472,547
Administrative expenses	<u>23,723</u>	<u>67,318</u>	<u>31,638</u>	<u>122,679</u>
Total deductions	<u>7,931,855</u>	<u>6,222,513</u>	<u>3,440,858</u>	<u>17,595,226</u>
Change in net position	11,900,146	3,957,737	4,415,312	20,273,195
Net position				
Beginning of year	<u>107,391,936</u>	<u>74,195,407</u>	<u>46,773,637</u>	<u>228,360,980</u>
End of year	<u>\$ 119,292,082</u>	<u>\$ 78,153,144</u>	<u>\$ 51,188,949</u>	<u>\$ 248,634,175</u>

Upper Darby Township
Budgetary Comparison Schedule – Debt Service Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues			
Real estate taxes	\$ 2,004,064	\$ 1,777,843	\$ (226,221)
Expenditures			
Debt service			
Principal	1,475,000	1,475,000	-
Interest	529,064	529,064	-
Total expenditures	2,004,064	2,004,064	-
Net change in fund balance	\$ -	(226,221)	\$ (226,221)
Fund balance			
Beginning of year		1,375,659	
End of year		\$ 1,149,438	

Upper Darby Township
Budgetary Comparison Schedule – Highway Aid Fund
Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues			
Interest rent and royalties	\$ 45,000	\$ 100,214	\$ 55,214
Intergovernmental revenues	<u>1,929,919</u>	<u>1,946,697</u>	<u>16,778</u>
Total revenues	<u>1,974,919</u>	<u>2,046,911</u>	<u>71,992</u>
Expenditures			
Current			
Public works - highways and streets	<u>2,974,919</u>	<u>1,242,685</u>	<u>1,732,234</u>
Net change in fund balance	<u>\$ (1,000,000)</u>	804,226	<u>\$ 1,660,242</u>
Fund balance			
Beginning of year		<u>2,356,034</u>	
End of year		<u>\$ 3,160,260</u>	

OTHER INFORMATION

**Upper Darby Township
Ten Year Summary of Real Estate Taxes
Year Ended December 31, 2024**

<u>Year</u>	<u>Tax Rate in Mils</u>	<u>Net Assessed Valuation</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Current Collections To Tax Levy</u>
2015	19.92	\$ 2,668,812,865	\$ 53,160,876	\$ 51,019,657	95.972%
2016	19.92	2,665,901,853	53,103,533	51,004,023	96.046%
2017	20.37	2,696,079,051	54,742,907	52,372,124	95.669%
2018	20.95	2,682,070,560	56,189,378	52,788,167	93.947%
2019	20.95	2,702,176,667	56,610,601	54,245,477	95.822%
2020	21.38	2,644,946,050	56,548,947	52,958,295	93.650%
2021	13.14	4,325,580,883	56,838,133	52,779,545	92.859%
2022	13.14	4,303,564,553	56,548,838	53,549,988	94.697%
2023	13.49	4,385,155,107	59,155,742	55,112,830	93.166%
2024	14.02	4,390,630,256	61,556,636	56,763,902	92.214%

SINGLE AUDIT

Upper Darby Township
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass- Through Entity Identifying /Grant Number	Federal Expenditures	Pass- Through to Subrecipients
U.S. Department of Housing and Urban Development Community Development Block Grant	14.218	N/A	\$ 1,311,063	\$ 251,716
U.S. Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	21,631,638	-
Passed-Through the Pennsylvania Commission Commission on Crime and Delinquency COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-CL-01-39400	1,106,182	-
Passed-Through the Pennsylvania Commonwealth Financing Authority COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C000087193	502,084	-
Total ALN #21.027			23,239,904	-
U.S. Department of Conservation and Natural Resources Passed through Pennsylvania Department of Conservation and Natural Resources Community Conservation Partnerships Program	10.932	N/A	1,923	-
U.S. Department of Health and Human Services Passed-Through the Delaware County Workforce Development Board Temporary Assistance for Needy Families	93.558	UDTPLOT	115,153	-
U.S. Department of Homeland Security Assistance to Firefighters Grant	97.044	N/A	25,437	-
U.S. Department of Transportation Passed Through Pennsylvania Department of Transportation Highway Safety	20.600	N/A	25,961	-
U.S. Department of Justice Passed-Through the County of Delaware Justice Assistance Grant	16.738	N/A	35,658	-
Teen and Police Service Academy	16.607	N/A	23,111	-
Bulletproof Vest Partnership Program	16.607	N/A	12,417	-
Total ALN #16.607			35,528	-
Total U.S. Department of Justice			71,186	-
Total Expenditures of Federal Awards			\$ 24,790,627	\$ 251,716

See Notes to Schedule of Expenditures of Federal Awards.

Upper Darby Township
Notes to Schedule of Expenditures of Federal Awards
December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Upper Darby Township (the Township) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 operations of the Township, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Township.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Costs

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**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**

Township Mayor and Members of Council
Upper Darby Township

We have audited, in accordance with the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Darby Township (the "Township"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Upper Darby Township's basic financial statements, and have issued our report thereon dated November 30, 2025. Our report includes a reference to other auditors who audited the financial statements of the Upper Darby Township Sellers Memorial Free Public Library, a discretely presented component unit, and the Municipal Employees Pension Plan, a pension trust fund, as described in our report on the Township's financial statements. The financial statements of the Upper Darby Sellers Memorial Free Public Library and Municipal Employees Pension Plan were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Upper Darby Sellers Memorial Free Public Library and Municipal Employees Pension Plan.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 was for the limited purpose described in the in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

Upper Darby Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 30, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Township Mayor and Members of Council
Upper Darby Township

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited Upper Darby 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 Upper Darby Township's major federal program for the year ended December 31, 2024. Upper Darby Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Darby Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on The 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; 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 Upper Darby 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 the major federal program. Our audit does not provide a legal determination of Upper Darby 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 Upper Darby Township's federal programs.

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 Upper Darby 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 Upper Darby Township's compliance with the requirements of the 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 Upper Darby 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 Upper Darby'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 Upper Darby 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Upper Darby Township's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Upper Darby Township's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Upper Darby Township's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 30, 2025

Upper Darby Township
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**Upper Darby Township
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

Section II – Financial Statement Findings

Finding 2024-001

Interfund Balances

Material Weakness in Internal Control over Financial Reporting

Condition

There were significant interfund balances accumulating between the Sewer Rental Fund, the Debt Service Fund and the General Fund. Interfund balances between funds represent temporary loans recorded and should be repaid in a timely fashion.

Criteria or Specific Requirement

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect

Accumulating interfund balances can skew year end individual fund balances and can signal cash flow deficiencies within a particular fund.

Cause

The Township does not have any policies and procedures in place related to interfund balances.

Repeat Finding

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2023-001.

Recommendation

We recommend that the Township examine the reason for the accumulating interfund balance to ensure repayment on a timely basis. As of December 31, 2024, the General Fund had cash on hand sufficient for the repayment of amounts due to both the Sewer Fund and the Debt Service Fund. Upon determination of the nature of the interfund balances, a decision as to whether to repay the amounts or write them off through an interfund transfer for amounts that have accumulated through December 31, 2024 should be made.

Views of Responsible Officials and Planned Corrective Action

The Township has established a process for the Controller to review interfund balances at month end and repay amounts shortly thereafter. The Controller will make a recommendation to the Chief Administrative Officer on how to address interfund balances as of December 31, 2025.

**Upper Darby Township
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number: 2024-002
Federal Agency: U.S. Department of the Treasury
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)
Assistance Listing Number: 21.027
Federal Award Identification Number: Not Available
Federal Award Year: 2024
Pass-Through Agency: N/A
Pass-Through Number: N/A
Compliance Requirement: Suspension and Debarment
Award Period: 1/1/2024 - 12/31/2024
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person (7) Distribution of work to individuals and firms or economic considerations.

Control: Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Township could not provide supporting documentation that suspension and debarment status was determined prior to award.

Context:

The suspension and debarment status for all of the vendors tested were not documented on the 40 transactions tested.

Questioned costs:

There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

Cause:

The Township relied on State policies and procedures for suspension and debarment for State piggyback contracts, rather than applying their own established controls to these contracts.

**Upper Darby Township
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs Continued

Effect:

The Township is not in compliance with federal suspension and debarment regulations.

Repeat Finding:

No.

Recommendation:

The Township should ensure that established policies and procedures related to suspension and debarment are applied to all contracts, even for piggyback agreements adopted from the State.

Views of Responsible Officials and Planned Corrective Action:

The Township has created a procedure to regularly check Sam.gov for suspension and debarment prior to issuing purchases orders or contracts and have it reviewed.

