

THE TOWNSHIP OF UPPER DARBY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016



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THE TOWNSHIP OF UPPER DARBY

YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Township Council
Upper Darby Township
Upper Darby, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Upper Darby, Upper Darby, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Upper Darby, Upper Darby, Pennsylvania as of December 31, 2016, and the respective changes in its financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



CYNTHIA FELZER LEITZELL, CPA
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension plan trend information on pages 3 through 12, 68 through 71 and 72 through 76 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper Darby's financial statements. The combining non-major fund financial statements (pages 77 through 78), selected individual fund information (pages 79 through 87), Sewer Rental Fund Statement of Sewer Assessments (page 88), schedule of COSA fund (page 89), the Statement of Sources and Status of Funds and Statement of Program Costs (pages 90 through 99) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the selected individual fund information, Sewer Rental Fund Statement of Sewer Assessments, schedule of COSA fund, the Statement of Sources and Status of Funds and Statement of Program Costs are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the Township of Upper Darby, Upper Darby, Pennsylvania'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 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 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 the Township of Upper Darby, Upper Darby, Pennsylvania's internal control over financial reporting and compliance.

Leitzell & Economidis PC
LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

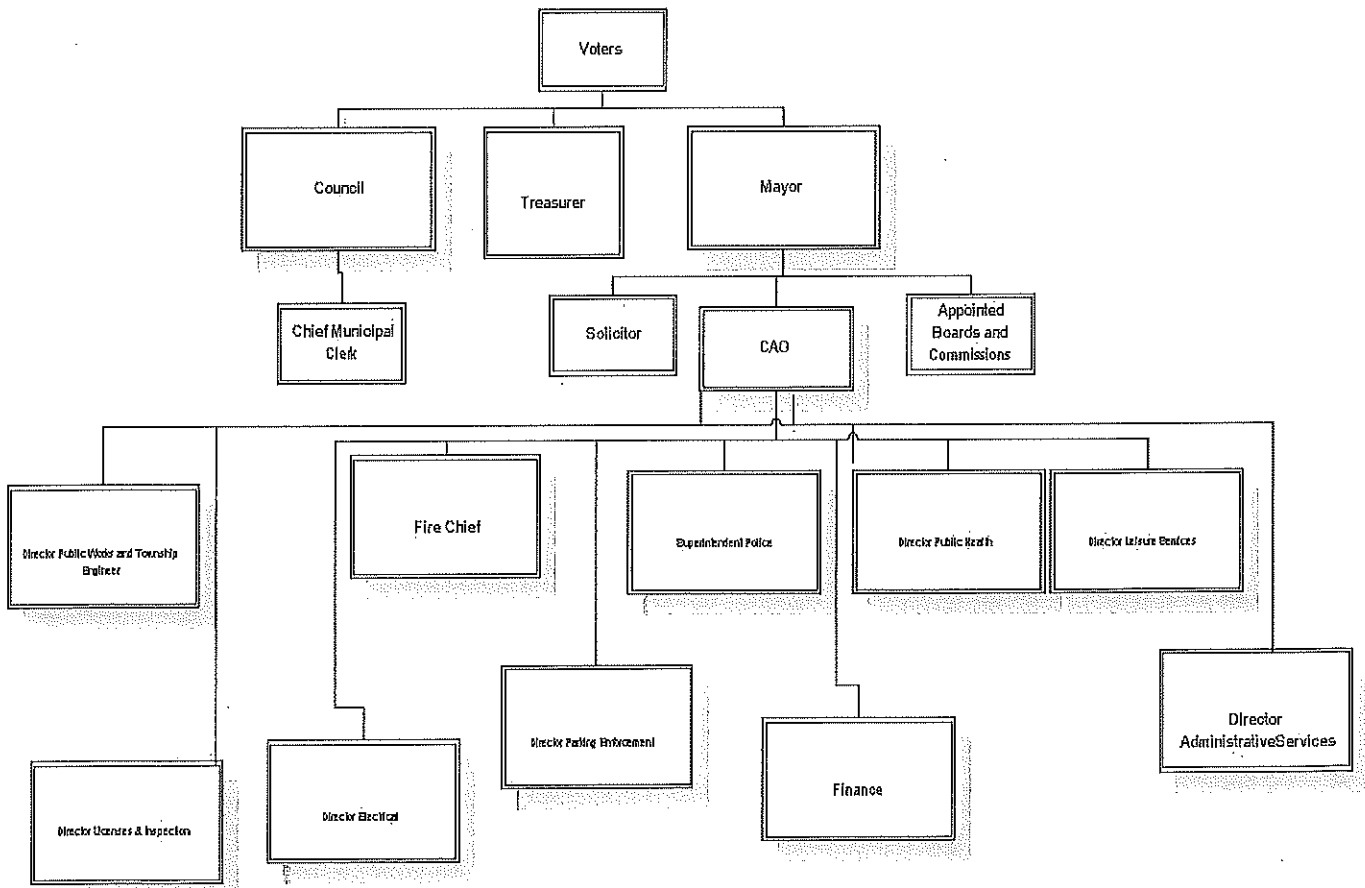
June 20, 2017

**THE TOWNSHIP OF UPPER DARBY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Township of Upper Darby for the year ended December 31, 2016. The Township's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Township's primary government. Component units are not included in this discussion.

Upper Darby Township operates under a Home Rule Charter. Following is an organizational chart detailing the governmental and administrative structure of the Township.

Upper Darby Township



FINANCIAL HIGHLIGHTS

Council and management believe the Township's financial condition continues to be strong despite signs of the challenging economic circumstances. Performance has exceeded budgetary and other expectations.

- On the government-wide basis, the Township's net position decreased to \$(162,662,141) in 2016. This decrease in net position was resulting primarily from two factors: (1) Post-employment benefit expense in the amount of \$23,899,171 over the pay as you go amount as reflected within the governmental statements in the amount of \$3,599,956. Presenting the long term post-employment benefits in the government wide statements is pursuant to Government Accounting Standards Board Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (OPEB) which cost is actuarially determined. (2) This period the Township recognized the long-term net pension liability representing each of the three pension plans sponsored by the Township. Presenting this liability within the government wide statements in the amount of \$50,306,019 is pursuant to the adoption the Government Accounting Standards Board (GASB) Statement 68, *Accounting and Reporting for Pensions* relative to state and local governments.
- The governmental funds reported expenditures in excess of revenue in the amount of \$1,379,276 which included \$1,337,765 in capital related expenditures relative to recreational needs, community development, highways, streets and sewers and other departmental capital costs. Of those capital related expenditures, \$703,327 were made part of capitalized assets within the government-wide statement.
- The Township's investment in its capital lease with the Philadelphia Water Department for wastewater treatment decreased this period by \$534,737. This represents the book value of those assets over the related depreciation and additional capital costs.
- During the year, the Township's operating revenue (without regard for the decrease in investment) on the government wide statements increased slightly to \$83,150,818, less than a 1% increase. Charges for services and grant awards did slightly decrease this period. There was a decrease in grant activity primarily in community development, highway and street activity and additional public safety grants. Increased revenue areas were also reflected in sewer rental fee collections. Operating expenses without regard to the OPEB charges (\$23,899,171), actuarially additions to pension expense and related amortization (\$7,337,132 and not including allocated and non-allocated depreciation and amortization in the government-wide statements (\$1,640,848) increased approximately 5.2% primarily in the general government expenses (including benefits and insurance), public safety (inclusive of pension obligations for police and fire personnel), and sewer improvement costs.
- Revenues for the Township's governmental fund activities increased slightly to \$83,815,736 in total while total governmental fund expenditures increased by \$1,789,625 over the previous year, approximately 2%. Revenues remained

relatively consistent with the prior year, still markedly ahead of 2015. Sewer rental fees were increased substantially. Operating grants were slightly decreased as large projects had been completed the prior year. Investment earnings remained low as a result of market conditions but did show considerable increase in earnings.

- At the close of this fiscal year, unassigned fund balance in the General Fund was \$5,467,697, 7.87% of total General Fund expenditures or 7.84% of total General Fund revenues.
- The General Fund activities resulted in a deficit of \$365,126, well below that anticipated with the assigned fund balance for 2016 in the amount of \$1,465,789. Investment earnings as noted above remained low as a result of market conditions but well in excess of budgetary anticipation. Revenues as a whole were under budget, particularly as a result of a reduction of grants and entitlements including community development. Management maintained expenditures significantly below budgeted levels. The Township was able to utilize less of its fund balance for operations than that budgeted as previously noted.
- Other municipality reimbursements for joint sewer treatment costs were decreased somewhat this period as a result of slightly lower treatment costs from third parties. Expenditures remained stable from the prior year while revenues within the Sewer fund increased as a result of increased collection activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the Township's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

Government-wide financial statements

The Township's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. These statements are intended to provide the reader with a broad overview of the Township's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* includes all of the Township's assets and liabilities, as well as its deferred outflows and inflows of resources. The difference between net assets plus deferred outflows of resources less liabilities and deferred inflows of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The second statement, the *Statement of Activities* presents information on how the Township's net position has changed during the most recent fiscal year. All of the current year revenue and expenses are included regardless of when cash is received or paid. Revenues and expenses are reported in this statement for some items that will result in cash flows in subsequent fiscal periods, such as uncollected taxes. An important purpose of this statement is to show the financial reliance of the Township's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and intergovernmental revenue, such as grants, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, highways and streets, sewers and culture and recreation. The government-wide financial statements include not only the Township itself, but also a legally separate library for which the Township is financially accountable, as well as a not-for-profit entity which has significant financial and programmatic interdependency with the Township itself. Financial information for those component units is reported separately from the financial information presented for the Township itself.

The fiduciary activities such as the Library Trust Fund, employee pension plans and a self-insurance trust fund are not included in the government-wide statements since these assets are not available to fund the Township's programs. Further, the pension plans are each administered independently with their own Boards of Trustees and are reported on separately as well as being presented herein. Such full reports are available from the Boards of the respective plans.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant *funds*—not the Township as a whole. The funds are an accountability unit used to maintain control over resources 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 laws and regulations. Major funds are separately reported, while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in the supplemental information section of this report.

The Township has two types of funds - governmental funds and fiduciary funds. The Township itself does not have any proprietary funds. A proprietary fund is a fund in which customers are charged fees for specific services. Although a separate assessment is charged through the Sewer Fund, historically the Township has considered this a governmental fund due to the nature and intent of the activities.

Governmental Funds - Most all of the Township's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on a detailed short-term view that helps determine whether there are sufficient financial resources that are available at the end of the fiscal year or that can be spent in the near future to finance the programs and

commitments of the Township. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided subsequent to the governmental funds statement to reconcile the differences between the two statements.

The Township maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, sewer rental fund, highway aid fund, two capital project funds and a sinking fund (debt service fund), all of which are considered to be major funds. Information relative to the other governmental funds is combined into a single, aggregated presentation titled "Non-Major Governmental Funds". Individual fund information for each of the nonmajor governmental funds as well as detailed information on the General fund is provided in the form of combining statements in supplemental information to this report.

Fiduciary Funds - The Township has five fiduciary funds. The resources of the Library Trust Fund are intended for the support of the Upper Darby Township and Sellers Memorial Free Public Library. The Township is responsible for ensuring that the assets that flow through and are reported in this fund are used for its intended purpose. The Township has three independent pension plans, the Police Pension Plan, the Municipal Employees Pension Plan and the Firefighters' Pension Plan. While each of these has their own independent Board of Trustees, the Township has chosen to report them herein as fiduciary funds because of the Plans' dependency on the Minimum Municipal Obligation provided each year by the Township for funding requirements. The final fiduciary fund represents funds held for self-insurance purposes relative to workers' compensation requirements. These fiduciary funds are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The activities of these funds are not a part of the government wide financial statements since the Township cannot use these assets to finance its operations.

Notes to Financial Statements - The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government wide and fund financial statements. The notes present information about the Township's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

Budgetary Highlights

The Township adopted an annual appropriated budget for its General Fund, Sewer Rental, Highway Aid and Debt Service Fund. There was reallocation of budgetary amounts during the period as approved by Council. A budgetary comparison statement has been provided for those funds with legally adopted budgets to demonstrate budgetary compliance, such statements reflecting both original and final budget presentations.

FINANCIAL ANALYSIS OF THE TOWNSHIP

The following comparative condensed financial data serve as indicators of the Township's financial health or financial position. Table 1 below shows a condensed version of the Township's Net Position. The component change in net position is shown below in Table 2 as a condensed *Summary of Changes in Net Position*. Table 3 provides a comparative of the components of the capital assets from 2015 to 2016. Table 4 shows changes in outstanding bonded debt from 2015 to 2016.

TABLE 1
SUMMARY OF NET ASSETS
DECEMBER 31,

	2016	2015
Current assets	\$ 29,190,817	\$ 22,678,684
Capital assets, net	24,933,637	25,886,168
Restricted assets	119,503	95,354
Other assets	6,067,606	6,602,343
Total assets	<u>60,311,563</u>	<u>55,262,549</u>
Deferred outflows of resources	<u>8,959,897</u>	<u>16,202,829</u>
Current liabilities	2,511,229	2,462,292
Noncurrent liabilities	223,293,736	199,322,920
Total liabilities	<u>225,804,965</u>	<u>201,785,212</u>
Deferred inflows of resources	<u>6,130,271</u>	<u>4,847,218</u>
Net position invested in capital assets	29,840,574	31,327,842
Restricted	9,450,346	2,972,314
Unrestricted	<u>(201,954,696)</u>	<u>(169,467,708)</u>
Total net position	<u><u>\$(162,663,776)</u></u>	<u><u>\$(135,167,552)</u></u>

TABLE 2
SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	2016	2015
Revenues		
Property taxes	\$52,786,769	\$52,856,788
Local enabling taxes	2,776,504	2,777,386
Charges for services	19,219,846	19,281,391
Operating grants	7,294,397	7,099,815
Rent	223,643	191,882
Interest	106,886	7,152
Miscellaneous	742,773	739,285
Total revenues	<u>83,150,818</u>	<u>82,953,699</u>
Operating expenses		
General government	16,381,615	15,025,718
Public safety	44,443,810	41,425,393
Sewers	8,114,268	7,701,461
Highway and streets	2,085,273	1,733,450
Sanitation	4,992,633	5,060,056
Community development	2,305,017	1,557,016
Public works	3,364,756	4,090,598
Leisure services	2,828,949	3,195,143
Library contribution	1,311,144	1,254,139
Interest	325,537	298,980
Post employment benefits	23,899,171	18,989,444
Unallocated depreciation/amortization	60,132	66,791
Total program/function	<u>110,112,305</u>	<u>100,398,189</u>
Excess of total revenues over (under) expenses	(26,961,487)	(17,444,490)
Increase (decrease) in investment net of contribution	<u>(534,737)</u>	<u>(258,175)</u>
Change in net position	<u>\$ (27,496,224)</u>	<u>\$ (17,702,665)</u>

The Township's capital assets increased by \$159,556 net of deletions from 2015 to 2016. Total fixed assets at December 31, 2016 were valued at \$65,204,925 before depreciation.

TABLE 3
CHANGES IN CAPITAL ASSETS INCLUDING CONSTRUCTION IN PROGRESS
YEAR-TO-YEAR COMPARISON
DECEMBER 31,

CAPITAL INVESTMENT	2016	2015	%Inc/Decr
Land	\$ 4,663,375	\$ 4,663,375	0.00%
Buildings	17,184,967	16,966,682	1.29%
Equipment	18,464,203	18,492,968	-0.16%
Infrastructure	24,892,380	24,922,344	-0.12%
Totals	<u>\$ 65,204,925</u>	<u>\$ 65,045,369</u>	<u>1.01%</u>

The Township, at December 31, 2016, had \$15,702,000 in outstanding general obligation bonds and notes. The 2012 note in the amount of \$3,035,000 carries an interest rate range from .30 percent to 1.5 percent on the bonds maturing annually to 2018. The 2006 note carries variable interest rates as does the 2010 bond. The 2008 note has an interest rate of 2.45%; and the 2009 note carries an interest rate of 2.332%. The 2016 bond issuance carries a 4% fixed rate.

TABLE 4
CHANGES IN OUTSTANDING GENERAL OBLIGATION BONDS AND NOTES
DECEMBER 31,

SERIES	2016	2015	(Inc.) / Dec.
Note of 2006	\$ 1,281,000	\$ 2,525,000	\$ 1,244,000
Note of 2008	1,061,000	1,554,000	493,000
Note of 2009	3,460,000	3,465,000	5,000
Series of 2010 Bonds	1,425,000	2,115,000	690,000
Series 2012 Bonds	960,000	1,435,000	475,000
Series 2016 Bonds	7,515,000	-	(7,515,000)
Total outstanding debt	<u>\$ 15,702,000</u>	<u>\$ 11,094,000</u>	<u>\$ (4,608,000)</u>

ECONOMIC DEVELOPMENT

Economic development continues to be a priority for Upper Darby Township. The Administration and Township Council are focused on the goals presented in the Township's Comprehensive Plan. The Township through its Comprehensive Planning committee continues to work to update its Comprehensive Plan and provide a roadmap/action plan for the next 10 year period.

The Market Street and 69th Street area is the Township's main business center. This area also serves as a key transportation hub for the Philadelphia Metropolitan area. This section offers a vibrant mixed use area with regional transit access, walkable streets, entertainment venues and quality retail establishments. The Ashkenazy Corporation owns the majority of the property along the 69th Street business district. This property owner is committed to restoring the infrastructure of the shopping district and continues to make investment in improving the property facades and an overall clean-up of the street. Since 2013 we have seen the opening of retail outlets Burlington Coat Factory, Ross Dress for Less store, H and M., Studio Movie Grill, International House of Pancakes and Model's. Ashkenazy Corporation continues its efforts to revitalize the 69th Street shopping district and has started talks related to the redevelopment of a new shopping area at the site of a former big box retail operation on the corner of 69th and Walnut Streets. A little off the Market Street/West Chester Pike strip on the 7000 block of Terminal Square, the national supermarket chain H-Mart continues to be a successful community partner. This Korean owned chain has been very successful in its efforts to serve the diverse Upper Darby community. The H-Mart complex also houses a full service market, a food court and a bank. Right at the corner of Garrett Road and Long Lane we have the Five Points Coffee House, a blend of refreshment and student housing for the schools of higher learning in the Philadelphia University City district. A little east on 69th Street, just past Marshall Road, the Fresh Grocery supermarket chain has opened a store in the former location of Pathmark.

The Township, through its economic development efforts, has established a reputation as a business friendly municipality. Upper Darby Township continues to work with the Southeastern Transportation Authority on the development of a parking garage in the area of 69th and Market Streets. The Township and SEPTA have partnered on the parking garage project with the proposed garage planned to be built on the SEPTA parking lot adjacent to the 69th Street transportation terminal. In addition, SEPTA and the Township Administration worked together to refurbish the Primos train station on the Media Elwyn train line. The Primos station includes enhanced and expanded parking. The refurbishing of the Secane train station also continues to move forward with enhanced parking and raised platforms.

Township officials continue to encourage and work with the business communities within the Township such as the Aronimink Business Association, Long Lane Business Association and the West Chester Pike Business Association. The Corner of Baltimore Pike and Union Avenue continues to show improved development with the successful Goodwill operation. The Goodwill facility houses a collection/refurbish warehouse and job training and opportunity office. The retail outlet Advanced Auto on this site is very successful. McDonalds restaurant has opened and is a welcome addition to the area. The long awaited WAWA store at the corner of West Chester Pike and Park Ave has opened. The Township will continue to promote all business districts in the community while attempting to avoid cross competition among the business districts.

A joint cooperative effort with the County of Delaware and the Township continues to provide a safe and friendly environment at the Kent Dog Park. The Township continues its joint work with the county on the long range plans for a walking trail along the Darby Creek.

The Township continues to support the concepts of the Department of Justice Weed and Seed grant program. The Department of Justice discontinued funding for the Weed and Seed program in 2011. The Township, through the Center for Family Safety, continues its support of the program's goal to weed out drugs and crime and through faith based organizations seed the area with programs to prevent the return of drugs and crime. The Center for Family Safety staff has initiated an aggressive program to reach out into the community with programs. In 2016 these programs included topics such as parenting skills, how to improve your credit seminars, first time homebuyers programs, how to start a small business, along with activities related to English as a second language and immigration law and regulations. In addition, the Center for Family Safety adds support to the Police Athletic League summer basketball program and the Anthony Becht football camp held at the Monsignor Bonner athletic complex.

The Center for Family Safety staff, together with the Upper Darby Welcome Center staff, and the Chamber of Commerce, continue their outreach program to local community businesses to help assess their skills and needs as business owners. This effort enhanced with the staffing of a police substation on Long Lane, manned by a civilian employee of the Police Department, is just one of the additional efforts by the Township to reach out and identify the needs of the Upper Darby Township immigrant population. .

The Upper Darby Community is deeply supportive of the Upper Darby Performing Arts Center, a joint effort between the Upper Darby School District and Upper Darby Township. The Performing Arts Center's mission is to develop young people and the magic of their talents through participation in theatrical performances for the entire family. Through the Summer Stage and Main Stage Theater this group performs seven theater productions each summer which are enjoyed by over 30,000 individuals. Since 2011 the Township has supported the Brad Schoener Memorial Fund's Music Marathon and Schoener Music Man Camp.

TO CONTACT TOWNSHIP MANAGEMENT AND REQUESTS FOR INFORMATION

This financial report is designed to provide our clients, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability of its funds. If you have questions regarding this report or would like additional information, contact the Chief Administrative Officer, Upper Darby Township, 100 Garrett Road, Upper Darby, PA 19082.

Complete financial statements for the individual component unit can be obtained from its administrative office: Upper Darby Township and Sellers Memorial Library, 76 S. State Road, Upper Darby, PA 19082.

THE TOWNSHIP OF UPPER DARBY

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	Primary Government	Component Units	
	Governmental Activities	UD Township and Sellers Memorial Library	Weed and Seed Center for Family Safety
ASSETS			
Cash and cash equivalents	\$ 19,416,637	\$ 303,862	\$ 21,874
Investment	-	30,862	-
Receivables (net of allowance for uncollectibles)	9,245,551	1,161	-
Due from other governments	248,575	-	8,310
Prepaid assets	281,689	76,595	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	119,503	-	-
Capital assets (net of accumulated depreciation):			
Land and non-depreciable historical site	4,637,840	464,384	-
Land improvements	15,101	-	-
Buildings and improvements	2,986,428	275,537	-
Machinery and equipment	5,552,195	40,951	-
Infrastructure	11,742,073	-	-
Library books and materials	-	432,161	-
Investment in wastewater treatment plant	6,067,606	-	-
Total assets	<u>60,313,198</u>	<u>1,625,513</u>	<u>30,184</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond discounts	66,794	-	-
Pension expense deferrals	8,893,103	-	-
	<u>8,959,897</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable and accrued expenses	2,108,711	149,338	3,500
Due to other entities	21,948	-	-
Escrow liability	355,250	-	-
Unearned grant revenue	25,320	2,976	6,000
Long-term liabilities:			
Due within one year	2,960,000	-	-
Due in more than one year	220,333,736	-	-
Total liabilities	<u>225,804,965</u>	<u>152,314</u>	<u>9,500</u>
DEFERRED INFLOWS OF RESOURCES			
Pension expense deferrals	5,700,239	-	-
Unamortized bond premiums	430,032	-	-
	<u>6,130,271</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	29,840,574	-	-
Restricted for:			
Capital projects	9,074,937	-	-
Debt service	375,409	-	-
Unrestricted	(201,953,061)	1,473,199	20,684
Total net position	<u>\$ (162,662,141)</u>	<u>\$ 1,473,199</u>	<u>\$ 20,684</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF UPPER DARBY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Primary Government Activities	Component Units
Primary Government:						
General governmental	\$ 16,381,615	129,971	\$ 870,450	\$ -	\$ (15,381,194)	\$ -
Public safety	44,443,810	2,342,710	2,114,404	-	(39,986,696)	-
Sewers	8,114,268	7,927,536	-	-	(186,732)	-
Highways and streets	2,085,273	632,271	2,202,001	-	748,999	-
Health and sanitation	4,992,633	4,653,465	85,908	-	(253,260)	-
Community development	2,305,017	67,798	1,585,296	-	(651,923)	-
Street lights, electric, parking and public works	3,364,756	-	-	-	(3,364,756)	-
Leisure services, COSA and parks	2,828,949	588,896	328,983	-	(1,911,070)	-
Library contribution	1,311,144	-	-	-	(1,311,144)	-
Interest on long-term debt	216,750	-	-	-	(216,750)	-
Debt issuance costs	108,787	-	-	-	(108,787)	-
Post employment benefits	23,899,171	-	-	-	(23,899,171)	-
Non-allocated depreciation/amortization	60,132	-	-	-	(60,132)	-
Total governmental activities	<u>\$ 110,112,305</u>	<u>\$ 16,342,647</u>	<u>\$ 7,187,042</u>	<u>\$ -</u>	<u>(86,582,616)</u>	<u>-</u>
Component Units:						
UD Township and Sellers Memorial Library	\$ 1,679,994	\$ 71,273	\$ 1,596,268	\$ -		(12,453)
Weed and Seed Center for Family Safety	90,081	8,445	83,025	-		1,409
Total component unit	<u>\$ 1,770,055</u>	<u>\$ 79,718</u>	<u>\$ 1,679,293</u>	<u>\$ -</u>		<u>(11,044)</u>
General Revenues:						
Property taxes					52,786,769	-
Local enabling taxes					2,776,504	-
Cable television					1,476,029	-
Joint project sewers					1,401,170	-
Grants and contributions not restricted to a specific program					107,355	-
Investment earnings					106,886	868
Refunds and reimbursements and miscellaneous revenue					744,408	2,626
Decrease in investment in wastewater treatment plant					(534,737)	-
Rent					223,643	-
Total general revenues					<u>59,088,027</u>	<u>3,494</u>
Change in net position					(27,494,589)	(7,550)
Net position - beginning					<u>(135,167,552)</u>	<u>1,501,433</u>
Net position - ending					<u>\$ (162,662,141)</u>	<u>\$ 1,493,883</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF UPPER DARBY

**BALANCE SHEET
GOVERNMENTAL FUNDS**

DECEMBER 31, 2016

	General Fund	Sewer Rental Fund	Highway Aid Fund	Debt Service Fund	Sewer Rental Capital Fund	Capital Project Fund	Non-Major Governmental Funds	Totals Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 9,480,531	\$ -	\$ -	\$ 9,823	\$ 1,021,953	\$ 8,872,801	\$ 31,529	\$ 19,416,637
Property tax receivable (net of allowance for uncollectibles)	2,996,654	-	-	175,325	-	-	-	3,171,979
Sewer assessments (net of allowance for uncollectibles)	-	3,218,538	-	-	-	-	-	3,218,538
Other receivables	2,734,988	-	-	-	7,377	-	112,669	2,855,034
Prepaid expenditures	17,829	-	-	-	-	263,860	-	281,689
Due from other funds	143,559	1,277,066	-	351,878	-	-	70,581	1,843,084
Due from other municipalities/entities	-	221,908	-	-	26,667	-	-	248,575
Restricted cash	-	6,663	112,840	-	-	-	-	119,503
Total assets	15,373,561	4,724,175	112,840	537,026	1,055,997	9,136,661	214,779	31,155,039
DEFERRED OUTFLOW OF RESOURCES								
Total assets and deferred outflows of resources	\$ 15,373,561	\$ 4,724,175	\$ 112,840	\$ 537,026	\$ 1,055,997	\$ 9,136,661	\$ 214,779	\$ 31,155,039
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 572,250	\$ 379,591	\$ -	\$ -	\$ 9,483	\$ 60,089	\$ -	\$ 1,021,413
Accrued payroll and related costs	979,715	56,658	50,925	-	-	-	-	1,087,298
Due to other governments or entities	21,948	-	-	-	-	-	-	21,948
Due to other funds	1,540,827	70,581	35,429	-	-	-	196,247	1,843,084
Unearned revenue	10,780	-	-	-	-	-	14,540	25,320
Escrow	355,250	-	-	-	-	-	-	355,250
Total liabilities	3,480,770	506,830	86,354	-	9,483	60,089	210,787	4,354,313
DEFERRED INFLOWS OF RESOURCES								
Unavailable taxes, sewer fees and trash fees	4,082,886	2,008,231	-	161,617	-	-	-	6,252,734
Total liabilities and deferred inflows of resources	7,563,656	2,515,061	86,354	161,617	9,483	60,089	210,787	10,607,047
Fund balances:								
Nonspendable	17,829	-	-	-	-	-	-	17,829
Restricted	-	-	-	-	-	-	-	-
Committed for:								
Debt service	-	-	-	375,409	-	-	-	375,409
Capital projects	-	-	-	-	-	9,076,572	-	9,076,572
Assigned to emergency services	300,000	-	-	-	-	-	-	300,000
Assigned to 2017 appropriation	2,024,379	-	-	-	-	-	-	2,024,379
Unassigned	5,467,697	2,209,114	26,486	-	1,046,514	-	3,992	8,753,803
Total fund balance	7,809,905	2,209,114	26,486	375,409	1,046,514	9,076,572	3,992	20,547,992
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,373,561	\$ 4,724,175	\$ 112,840	\$ 537,026	\$ 1,055,997	\$ 9,136,661	\$ 214,779	\$ 31,155,039

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF UPPER DARBY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2016

Total fund balances - governmental funds		\$ 20,547,992
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 4,637,840	
Infrastructure assets	24,892,380	
Other capital assets	35,674,705	
Accumulated depreciation	<u>(40,271,288)</u>	
Total capital assets		24,933,637
Investment in wastewater treatment plant		6,067,606
Some revenues may be collected after year-end but are not available soon enough for the current period expenditures and therefore are deferred in the funds.		
		6,252,734
Bond discounts and premiums are capitalized and amortized in the government-wide statements (shown as net)		
		(363,238)
Pension expense deferrals are capitalized and amortized in the government-wide statements (shown as net)		
		3,192,864
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds and notes payable, compensated absences and other post employment benefits and net pension obligation		<u>(223,293,736)</u>
Net position of governmental activities		<u><u>\$ (162,662,141)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF UPPER DARBY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Sewer Rental Fund	Highway Aid Fund	Debt Service Fund	Sewer Rental Capital Fund	Capital Project Fund	Non-Major Governmental Funds	Total Governments Funds
REVENUES								
Taxes and assessments								
Property	\$ 49,751,958	\$ -	\$ -	\$ 2,553,496	\$ -	\$ -	\$ -	\$ 52,305,454
Sewer rentals/penalties and interest	-	8,125,650	-	-	-	-	-	8,125,650
Local enabling act taxes	2,776,504	-	-	-	-	-	-	2,776,504
Licenses-permits	3,220,650	-	-	-	-	-	-	3,220,650
Fines and forfeits	572,110	-	-	-	-	-	-	572,110
Rent	223,643	-	-	-	-	-	-	223,643
Investment earnings	96,317	7	447	-	2,767	7,348	-	106,886
Public utility realty tax	62,187	-	-	-	-	-	-	62,187
Grants and entitlements	1,789,466	-	1,844,833	-	-	-	431,947	4,068,246
Delaware County Office of Services for the Aging (COSA)	328,983	-	-	-	-	-	-	328,983
Departmental earnings	6,224,520	-	-	-	-	-	-	6,224,520
Joint projects other municipalities	-	1,401,170	-	-	-	-	-	1,401,170
Pennsylvania contribution for pension and ad hoc	2,550,494	-	-	-	-	-	-	2,550,494
Volunteer firemen allocation	261,537	-	-	-	-	-	-	261,537
Other revenue	699,628	-	-	-	43,145	1,635	-	744,408
Sewer fund reimbursement	845,294	-	-	-	-	-	-	845,294
Total revenues	69,403,291	9,526,827	1,845,280	2,553,496	45,912	8,983	431,947	83,815,736
EXPENDITURES								
Current:								
General government	14,074,945	-	-	-	-	237,250	-	14,312,195
Public safety/including police and fire pension contribution	40,242,171	-	-	-	-	82,675	100,821	40,425,667
Sewer	-	8,513,951	-	-	160,067	180,076	-	8,854,094
Highways and streets	89,168	-	1,865,475	-	-	-	-	1,954,643
Health and sanitation	4,917,458	-	-	-	-	-	-	4,917,458
Community development	1,973,891	-	-	-	-	-	331,126	2,305,017
Street lights, electric, parking and public works	3,279,634	-	-	-	-	-	-	3,279,634
Leisure services, COSA and parks	2,728,843	-	-	-	-	-	-	2,728,843
Volunteer fire allocation	261,537	-	-	-	-	-	-	261,537
Municipal pension contribution	907,281	-	-	-	-	-	-	907,281
Library contribution	1,285,484	-	-	-	-	25,650	-	1,311,144
Debt service:								
Principal	-	-	-	2,907,000	-	-	-	2,907,000
Interest	-	-	-	216,750	-	-	-	216,750
Issuance costs	-	-	-	-	-	108,787	-	108,787
Capital outlay:								
Highways and streets and sewers	-	-	-	-	-	285,724	-	285,724
Public safety	7,995	-	-	-	-	183,450	-	191,445
Departmental	-	-	-	-	-	226,158	-	226,158
Total expenditures	69,768,417	8,513,951	1,865,475	3,123,750	160,067	1,329,770	431,947	85,193,377
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(365,126)	1,012,876	(20,195)	(570,254)	(114,155)	(1,320,787)	-	(1,377,641)
OTHER FINANCING SOURCES (USES) OF FUNDS								
Bond proceeds	-	-	-	-	-	7,515,000	-	7,515,000
Bond issuance discount	-	-	-	-	-	362,033	-	362,033
Operating transfer in	-	-	-	493,675	-	-	-	493,675
Operating transfer out	-	(493,675)	-	-	-	-	-	(493,675)
	-	(493,675)	-	493,675	-	7,877,033	-	7,877,033
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	(365,126)	519,201	(20,195)	(76,579)	(114,155)	6,556,246	-	6,499,392
FUND BALANCE - BEGINNING	8,175,031	1,889,913	46,681	451,988	1,160,669	2,520,326	3,992	14,048,600
FUND BALANCE - ENDING	\$ 7,809,905	\$ 2,209,114	\$ 26,486	\$ 375,409	\$ 1,046,514	\$ 9,076,572	\$ 3,992	\$ 20,547,992

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF UPPER DARBY
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds **\$ 6,499,392**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts were:

Capital outlay	\$ 703,327	
Depreciation expense	(1,640,648)	
Amortization expense	<u>402</u>	(936,919)

Repayment of long term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Proceeds of long term debt and related discounts and premiums are reported as other financing sources in the governmental statements, but increases liabilities in the government wide statements. In the current year, these amounts are:

Principal repayment	2,907,000	
Bond proceeds	(7,515,000)	
Bond issuance discount/premium	(362,033)	

Long-term compensated absences and other post employment benefits are reported in the statement of net assets; changes in the liability are reported as an expense in the Statement of Activities (20,397,171)

Pension expense is shown as paid in the governmental statements but increased pursuant to actuarial determination of net pension obligations and pension expense and amortizations (7,337,133)

The Township makes capital payments to a third party which is reported net on the Statement of Net Assets, but which is reported as an expenditure on the governmental fund; net of increase in investment in capital lease with third party. (534,737)

Some revenues are not collected for several months or longer after the Township's year-end. They are not considered "available" revenues and are deferred in the governmental funds. Those amounts were for real estate taxes, sewer assessments and trash collections and reflected prior years revenues collected in the current period and are shown as net 182,012

Changes in net position of governmental activities \$ (27,494,589)

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER DARBY
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	POLICE PENSION PLAN	MUNICIPAL EMPLOYEES PENSION PLAN	FIREFIGHTER'S PENSION PLAN	LIBRARY TRUST FUND	SELF INSURANCE TRUST FUND	TOTAL
Assets						
Cash and cash equivalents	\$ 1,882,607	\$ 1,168,569	\$ 1,991,793	\$ -	\$ 280,781	\$ 5,323,750
Investments (at market value)	65,648,662	58,807,396	23,874,387	-	967,325	149,297,770
Interest receivable	-	105,852	-	-	-	105,852
Prepaid expense	11,305	2,451	5,141	-	-	18,897
Contribution receivable	57,834	-	27,043	-	-	84,877
Total assets	<u>67,600,408</u>	<u>60,084,268</u>	<u>25,898,364</u>	<u>-</u>	<u>1,248,106</u>	<u>154,831,146</u>
Liabilities						
Accounts payable	65,089	24,360	10,989	-	-	100,438
Escrow	-	-	-	-	1,248,106	1,248,106
	<u>65,089</u>	<u>24,360</u>	<u>10,989</u>	<u>-</u>	<u>1,248,106</u>	<u>1,348,544</u>
Net position						
Restricted	<u>\$ 67,535,319</u>	<u>\$ 60,059,908</u>	<u>\$ 25,887,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,482,602</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER DARBY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	POLICE PENSION PLAN	MUNICIPAL EMPLOYEES PENSION PLAN	FIREFIGHTER'S PENSION PLAN	LIBRARY TRUST FUND	SELF INSURANCE TRUST FUND	TOTAL
Additions:						
Contributions:						
State subsidies	\$ 1,175,108	\$ 870,450	\$ 504,861	\$ -	\$ -	\$ 2,550,419
Employee contributions	859,918	766,948	394,308	-	-	2,021,174
Township contributions	3,363,629	36,831	1,011,115	-	-	4,411,575
Other	-	10,787	-	-	-	10,787
Total contributions	5,398,655	1,685,016	1,910,284	-	-	8,993,955
Investment earnings:						
Net appreciation in fair value of investments	3,682,984	1,325,439	1,320,623	-	-	6,329,046
Investment earnings	1,478,241	1,348,833	515,515	-	-	3,342,589
Less: investment expense	(223,173)	(293,701)	(85,406)	-	-	(602,280)
Total investment earnings	4,938,052	2,380,571	1,750,732	-	-	9,069,355
Total additions	10,336,707	4,065,587	3,661,016	-	-	18,063,310
Deductions:						
Pension benefits	4,493,295	3,446,427	1,007,436	-	-	8,947,158
Other services and charges	57,258	68,786	31,094	16	-	157,154
Total deductions	4,550,553	3,515,213	1,038,530	16	-	9,104,312
Change in net position	5,786,154	550,374	2,622,486	(16)	-	8,958,998
Net position - beginning of the year	61,749,165	59,509,534	23,264,889	16	-	144,523,604
Net position - end of the year	\$ 67,535,319	\$ 60,059,908	\$ 25,887,375	\$ -	\$ -	\$ 153,482,602

COMPONENT UNIT
UPPER DARBY TOWNSHIP AND SELLERS MEMORIAL FREE PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

Assets

Cash and cash equivalents	\$ 303,862
Investments	30,862
Accounts receivable	1,161
Prepaid insurance	22,941
Prepaid expenses	53,654
Capital assets (net of accumulated depreciation)	
Land and non-depreciable historical site	464,384
Buildings and improvements	275,537
Furniture and equipment	40,951
Library books and materials	432,161
Total capital assets	<u>1,213,033</u>
Total assets	<u><u>\$ 1,625,513</u></u>

Liabilities

Accounts payable and accrued liabilities	\$ 51,019
Accrued payroll and related expenses	42,699
Accrued compensated absences	55,620
Deferred grant revenue	2,976
Total liabilities	<u>152,314</u>

Net Assets

Unrestricted	
Undesignated	1,442,337
Designated	30,862
Total net assets	<u>1,473,199</u>
Total liabilities and net assets	<u><u>\$ 1,625,513</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

UPPER DARBY TOWNSHIP AND SELLERS MEMORIAL FREE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED NET ASSETS

Revenues, gains and other support:

Upper Darby Township support:

Contribution	\$ 1,285,494
Sellers Trust Fund	15,304
Total Upper Darby Township support	<u>1,300,798</u>

Revenues from operations

Fines	20,768
Copier / computer / miscellaneous	47,126
Video rentals	3,378
Total revenues from operations	<u>71,273</u>

Other revenues

Investment income	
Dividend income	429
Interest income	417
Miscellaneous	2,626
Total other revenues	<u>3,472</u>

Grants and donations

Commonwealth of Pennsylvania	243,020
County of Delaware Aid	7,963
Grants	11,745
Fundraising / endowments / gifts	7,092
In kind donation of a capital asset	25,650
Total grants and donations	<u>295,470</u>

Total revenues, gains and other support

1,671,012

Expenses

Program

Personnel	1,287,582
Library services	50,213

Support

Facilities and equipment	159,570
Other supporting services	77,659
Pension	26,995
Depreciation	77,976
Total operating expenses	<u>1,679,994</u>

Change in net assets

(8,982)

Net assets - beginning of year

1,482,181

Net assets - end of year

\$ 1,473,199

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

UPPER DARBY TOWNSHIP AND SELLERS MEMORIAL FREE PUBLIC LIBRARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 72,181
Receipts from intergovernmental support	1,536,477
Donation received from intergovernmental support	15,304
Grant income	5,000
Miscellaneous cash income	9,719
Payments to suppliers	(316,997)
Payments to employees	(1,306,344)
Net cash provided by operating activities	<u>15,340</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	(104,797)
Net cash used by capital and related financing activities	<u>(104,797)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends income	<u>869</u>
Net cash provided by investing activities	<u>869</u>

Net decrease in cash and cash equivalents	(88,588)
Cash and cash equivalents January 1,	<u>392,450</u>
Cash and cash equivalents December 31,	<u>\$ 303,862</u>

Reconciliation of changes in net assets to net cash provided by operating activities:

Change in net assets - non-inclusive of investment income	\$ (9,828)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	77,976
Donated capital asset	(25,650)
(Increase) decrease in accounts receivable	909
(Increase) decrease in prepaid items	(60,762)
Increase (decrease) in accounts payable and accrued expenses	31,207
Increase (decrease) in accrued payroll and related expenses	8,507
Increase (decrease) in accrued compensated absences	(274)
Increase (decrease) in deferred revenue	(6,745)
Total adjustments	<u>25,168</u>
Net cash provided by operating activities	<u>\$ 15,340</u>

Non-cash activities:

Contribution of capital asset	<u>\$ 25,650</u>
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The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

UPPER DARBY TOWNSHIP WEED AND SEED INC.
CENTER FOR FAMILY SAFETY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

Assets

Cash	\$ 21,874
Due from Upper Darby Township	8,310
Total assets	<u>\$ 30,184</u>

Liabilities

Accounts payable	\$ 3,500
Deferred revenue	6,000
Total liabilities	<u>9,500</u>

Net assets

Unrestricted	20,684
Total liabilities and net assets	<u>\$ 30,184</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

**UPPER DARBY WEED AND SEED INC.
CENTER FOR FAMILY SAFETY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unrestricted revenues, gains and other support

Revenues and other additions

Contributions \$ 8,445

Grant income 83,025

Interest income 23

Total unrestricted revenues, gains and other support 91,493

Expenses

Program expenses 90,061

Total expenses 90,061

Change in unrestricted net assets 1,432

Change in net assets 1,432

Net assets - beginning of the year 19,252

Net assets - end of the year \$ 20,684

The accompanying notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

**UPPER DARBY WEED AND SEED INC.
CENTER FOR FAMILY SAFETY**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,432
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
(Increase) decrease in:	
Accounts receivable	-
Increase (decrease) in:	
Accounts payable and accrued expense	3,500
Deferred revenue	-
Net cash provided by operating activities	<u>4,932</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

-

CASH FLOWS FROM INVESTING ACTIVITIES

-

Net increase in cash and cash equivalents	4,932
Cash and cash equivalents January 1,	16,942
Cash and cash equivalents December 31,	<u>\$ 21,874</u>

Supplemental Disclosure

Income taxes paid	\$ -
Interest paid	\$ -

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Upper Darby Township operates under a Home Rule Charter with an elective governing body inclusive of an eleven person Council and an elected Mayor. The Township's annual financial report includes the accounts of all Township operations. The accounting policies of the Township conform to generally accepted accounting principles (GAAP) as applicable to municipalities. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Township provides pension plans for the benefit of its employees. These plans are each administered independently of the Township with their own Boards of Directors and Administrators and are reported on separately but are made a part of these basic financial statements. Each plan's reports are available from the Board of each of the respective plans.

The Township this period adopted GASB Statement No. 72, Fair Value Measurement and Application. It was effective for fiscal years beginning after June 15, 2015. Pursuant to GASB 72, Investments are reported at fair value. Fair value is the amount reasonably expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Upper Darby Township and its component units: Sellers Memorial Free Public Library, and the Weed and Seed Center for Family Safety Inc. These component units are included in the Township's reporting entity because of the significance of its operational and/or financial relationship with the Township including financial accountability and fiscal dependency. Separate financial statements are available for the component units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the Township's significant accounting policies:

A. Basis of Presentation

Government Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the government of Upper Darby Township as a whole. These statements include all funds of the reporting entity except for the fiduciary fund. The statements distinguish between governmental and business type activities. The Township, however, does not have any proprietary or business type funds. One of its component units, however, does follow the accounting for not-for-profit entities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The emphasis is placed on major funds within the governmental categories. A fund for the purposes of these financial statements is considered major if it is the primary operating fund (General Fund) or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of the fund are at least ten percent of the total for all funds of that category or type; and
2. Total assets, liabilities, revenues or expenditures of the fund are at least five percent of the total for all funds combined.
3. Other funds not necessarily meeting the above criteria are shown in these financial statements as major per the Township's discretion.

The funds of the financial reporting entity are described as follows:

Governmental Funds

General Fund: General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: The Special Revenue Funds account for revenue derived from specifically earmarked revenue sources. For the purposes of this report, the Special Revenue Funds are as follows: Sewer Rental and Highway Aid (shown here in as major funds), PECO Green Region Fund, Community Development Grants, and Upper Darby Football Bowl, (shown in these financial statements as Other Governmental Funds).

Debt Service Funds: The General Debt Service Fund is used to account for accumulation of resources for and the payment of general long-term debt principal and interest. In addition, a Sewer Rental Sinking Fund (shown here in as part of Other Governmental Funds) was established to account for the accumulation of resources for and the payment of debt principal and interest associated with the bond issues relative to sewer related capital expenditures.

Capital Project Funds: Capital Project Funds, both the General Obligation Bond Funds and Special Sewer Rental, are used to account for acquisition or construction of capital items and special projects. Principal sources of revenue for the Capital Project Funds are municipal long-term debt proceeds and interest income. The Special Sewer Rental Fund revenue has been provided by the Sewer Rental surplus over the years to fund sewer system capital projects.

Proprietary Funds/Component Unit

The Township of Upper Darby has no Proprietary Funds. The Upper Darby Township and Sellers Memorial Free Public Library and Upper Darby Township Weed and Seed, Inc., shown in these statements as a component unit of the Township, is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and for the purposes of these statements takes on the character of a proprietary fund for the discrete presentation of the financial information. Condensed financial statements are herein presented.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Complete financial information and statements of the Upper Darby Township and Sellers Memorial Free Public Library are available independently of these financial statements.

Fiduciary Trust Funds

Trust and Fiduciary Funds: The Township operates two Trust Funds: The Library Trust Fund and the self-insurance liability fund. However, as noted above, the Township considers the Police Pension Plan, the Municipal Employees Pension Plan and the Firefighter's Pension Plan to be fiduciary funds for the purpose of these financial statements due to the financial dependency on the Township's annual contribution even though these entities are managed by their own respective Boards of Directors.

Major and Non-Major Funds

The funds are either classified as major or nonmajor as follows:

Major Funds: General Fund, Sewer Rental Fund, Highway Aid Fund, Debt Service Fund, Sewer Rental Capital Projects and Capital Projects.

Nonmajor Funds include the following: Sewer Rental Sinking Fund, PECO Green Region, Community Development Grants, and Upper Darby Football Bowl.

B. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. On the government-wide Statement of Net Position and Statement of Activities, governmental and business like activities (as applicable) are presented using the economic resources measurement focus. The objective of the economic resources measurement focus is the determination of operating income, changes in net position, net position and cash flows (if applicable). All assets and liabilities, whether current or non-current, are reported. All Governmental Fund Types are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Operating statements of such funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

C. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities the governmental activities are presented using the accrual basis of accounting, as are the component units presented discretely herein. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days of the year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for general obligation bond principal and interest which are reported when due. Penalties and interest are recorded when received in cash because they are generally not measurable until actually received. Interest is accrued when its receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

D. Compensated Absences

The Township allows employees to accumulate unused sick leave and vacation time. Both are vesting and measured at year-end. Earned vacation for municipal employees is allowed to be carried up to two years in addition to the current year vacation time. All vacation vests for Police and Fire employees, however. Employees may accumulate unused sick leave to a maximum of 280 days upon retirement to be paid for one-half of the accumulated time.

Management considers compensated absences when budgeting salaries and benefits and always budgets at the gross salary levels to assure unpaid vacation, sick pay, and other employee amounts considered compensated resources to pay compensated absences when they occur. These compensated absences for accumulated vacation or sick pay are recorded as expenditures in governmental funds when paid. Non-uniform employees of the Township receive compensation for unused sick leave for each year at the beginning of the next calendar year. This amount, \$46,873 is shown as a current liability in the General Fund, \$5,821 as a current liability in the Sewer Rental Fund, and \$1,125 as a current liability in the Highway Aid Fund. As of December 31, 2016, the long-term liability for accrued vacation leave and accrued sick was \$6,800,693 of which \$5,497,037 is included in total of other post-employment benefits of \$155,982,061; the balance is included in the total long term liability (see Note 4).

The liability for the long-term portion of compensated absences is recorded as long-term debt in the government-wide financial statements as part of the long term debt. In the fund financial statements, governmental funds report only the compensated absence liability payable from the expendable available financial resources—as noted above.

E. Budgets

Budgets are legally adopted for the following funds: General, Sewer Rental, Highway Aid (Special Revenue Funds), and Debt Service Fund. Further, although the budget ordinance passed by the Township did not specifically reference the Sewer Rental Sinking Fund, funds were appropriated for debt service through that fund by transfer from the Sewer Rental Fund. Consequently, the Township has shown those debt service appropriations as part of the budget to actual statement within the Sewer Rental Fund.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual budgets for those funds with legally adopted budgets are prepared in the basis of accounting utilized by the respective funds. The Township's Home Rule Charter allows the Mayor of the Township to transfer part or all of any unencumbered appropriation balance among line items within a department; and upon written request of the Mayor allows Council by ordinance to transfer part or all of any unencumbered appropriation balance from one department, office or agency to another. Certain supplemental budgetary appropriations were performed during the period as reflected in the Budget to Actual Schedule relative to the General Fund.

The following presents those areas which incurred an excess of expenditures over appropriations for the year ended December 31, 2016 as follows:

	Excess Expenditures Legally Adopted Budget
Debt Service fund	
Principal	\$ 475,000
Interest	1,656
	<u>\$ 476,656</u>

The debt service fund had sufficient revenue, fund balance or operating transfers to allow for the expenditures.

Excess appropriations lapse at the end of the fiscal year. Encumbrance accounting is utilized for budgetary control purposes and accountability. The Township recognized no outstanding encumbrances at year-end. Subsequent year appropriations provide the authority to complete committed transactions.

F. Reporting Entity

In accordance with GASB Statement No. 14 "The Financial Reporting Entity", as amended by GASB Statement No. 39, the Township has evaluated all related entities for the possible inclusion into the financial reporting entity. In conformity with generally accepted accounting principles, the financial statements of the Upper Darby Township and Sellers Memorial Free Public Library and the Weed and Seed Center for Family Safety Program (a non-for-profit 501(c)(3) organization) have been included into the financial reporting entity. Condensed statements of each have been presented herein.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amounts of revenue and expenses during the period. Actual results could differ from those estimates.

H. Fixed Assets

The accounting treatment over property, plant and equipment depends on whether such assets are reported in the government-wide or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Estimated historical cost was used to value assets such as township buildings acquired prior to 1980. A value has not been determined for the land on which the buildings stand. The Township has adopted a capitalization policy of \$5,000 per individual asset.

In 1989, the Township acquired the Collenbrook Farm property, valued at \$400,000. The cost to the Township was \$200,000; however, the former owners of the property had sold a portion to the Township and donated the balance, for a total value of \$400,000 (See Note 11). This is non-depreciable property due to its historical classification.

Prior to January 1, 2003, governmental funds' infrastructure was not capitalized. These assets back to January 1, 1980 have been valued at estimated historical cost where exact records were unavailable and historical cost based on actual job cost records.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense where possible in the Statement of Activities, a certain portion of which is shown as "unallocated" due to the asset's applicability to multiple functions of the government. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset as follows:

Buildings	30 years
Equipment	3-5 years
Machinery	10 years
Fire trucks	25 years
Infrastructure	40 -50 years

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Fixed assets used in proprietary fund operations (in the Township's case only the component unit) are accounted for the same as in the government-wide statements.

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are utilized in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities on the government-wide statements. The long-term debt consists of general obligation bonds payable and accrued compensated absences.

J. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets —consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted —consists of items within net position with constraints placed on the use either by outside groups such as grantors or laws and regulations of other governments; or through law.
- c. Unrestricted —includes all other net position that do not meet the definition of "restricted" or "investment in capital assets."

Fund Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form) or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned—resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

K. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances in both government-wide and fund statements, particularly with regard to real estate taxes, sewer rental assessments and trash and rubbish collections are based upon historical trends. Non-exchange transactions collectible but not available such as the real estate taxes, sewer rental assessments and trash and rubbish are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting.

L. Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as:

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year

Deferred inflows of resources include such items as:

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable, previously reported as "deferred" revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- Service concession arrangements for up-front payments.

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS

Investments are stated at fair market value. Generally, the policy of the Township is to limit its investments to Certificates of Deposit and Repurchase Agreements. The Township follows an investment policy pursuant to the Home Rule Charter or the First Class Township Code if not addressed in the Home Rule Charter.

The Township considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents and are shown on these statements accordingly.

Township investments consist of certificates of deposit with original maturities in excess of three months. Pursuant to the Fair Value measurement, valuation inputs are assumptions that market participants use in pricing an asset. Fair Value measurement is presented within three levels according to the following hierarchy:

- Level 1—representing quoted prices in active markets
- Level 2—representing other than quoted prices where the value can be derived from active market data such as quoted prices for similar assets or liabilities in active markets; or quoted prices for similar assets or liabilities in inactive markets; or other than quoted prices that are active in other areas
- Level 3—representing unobservable inputs for an asset or liability; governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

The Township's investments are all considered to be Level 1 in the Fair Value hierarchy and consist of the following:

Self-insurance fiduciary fund	\$ 967,325
Police pension fund	\$ 65,648,662
Municipal employees pension plan	\$ 58,807,396
Firefighters's pension plan	\$ 23,874,387

Custodial Risk—deposits is the risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the position of an outside party. The entity does not have a policy for custodial credit risk. Upper Darby Township, however, primarily maintains deposits either with financial institutions which, pursuant to Act No. 72 of Pennsylvania, pool assets required to be pledged to secure public deposits, the total value of the pool to equal not less than the sum of all the pledges required for each separate deposit, or in amounts insured by the Federal Deposit Insurance Corporation. Deposits for all funds are either fully insured or collateralized pursuant with Commonwealth of Pennsylvania statutes.

As of December 31, 2016, the aggregate bank balance of bank deposits included in cash and cash equivalents of the primary government and the fiduciary funds (without regard to the Pension Plans nor for the certificates of deposit within the self-insured fund which are not maintained by the Township) was \$19,536,140 (\$119,503 as restricted cash and cash equivalents) of which \$834,407 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$18,701,733 collateralized as noted above

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

pursuant to Act 72. The bank deposits for the component units totaled \$325,736 of which \$250,000 covered by the FDIC.

Custodial Credit Risk—Investments 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 position of an outside party. The risks of default are limited due to the constraints imposed upon allowable investment instruments.

Shown as part of Cash and Cash Equivalents are the Township's investments in the Pennsylvania Local Government Investment Trust (PLGIT) in the amount of \$6,398,423 in the General Fund; \$31,196 in the Sewer Rental Fund; \$880,248 in the Special Sewer Rental Fund; and \$8,840,430 in Capital Project Funds. The PLGIT investment portfolios are invested in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities and political subdivisions. Collateralization requirements of Act No. 72, when required for deposits in excess of insurance limits are followed with respect to pooling, custody and type of collateral. Of the PLGIT investments noted above, \$250,000 is insured by the FDIC.

The balance as noted above is collateralized within the requirements of Act No. 72. Because of this collateralization policy, the entity has no investments subject to custodial credit risk.

Police Pension Plan

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2016, the carrying amount and the balance of the Plan's deposits in cash and cash alternatives totaled \$1,882,607 and was held with Ameritrade of which \$250,000 was covered by FDIC insurance.

Investments

Investments are reported at fair market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at measurement date. Unrealized gains and/or losses due to fluctuations in market value are recorded in the financial statements. Securities traded on national exchanges are valued at the last reported sales price at current exchange rates. Realized gains or losses are recorded at the time of sale. Net appreciation or depreciation in the fair value of plan investments include both realized and unrealized gains and losses and related fees. Plan investments at year end are as follows:

Vanguard Mid Cap Index Fund	\$ 4,063,945
Vanguard International Bond Index	1,765,511
Vanguard Small Cap Index Fund	4,218,926
Vanguard Total Bond Market Index Fund	10,483,149
Vanguard Intermediate Term Corp Bond	5,212,445
Vanguard International Equity Index Fund	13,836,911
Vanguard US Large Cap Growth Index Fund	12,558,445
Vanguard US Large Cap Value Index Fund	13,509,330
	<u>\$ 65,648,662</u>

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

Investments in the following funds exceeded more than 5% of the plan net position at December 31, 2016:

Vanguard Mid Cap Index Fund	\$ 4,063,945
Vanguard Small Cap Index Fund	4,218,926
Vanguard Total Bond Market Index Fund	10,483,149
Vanguard Intermediate Term Corp Bond	5,212,445
Vanguard International Equity Index Fund	13,836,911
Vanguard US Large Cap Growth Index Fund	12,558,445
Vanguard US Large Cap Value Index Fund	13,509,330
	<u>\$ 63,883,151</u>

Pension fund investments, pursuant to Government Accounting Standards Board Statement Nos. 3 and 40, are categorized to give an indication of the level of risk assumed by the Plan at December 31, 2016. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either counterparty or the counterparty's trust department or agent but not in the Plan's name. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The securities are registered in the name of the Plan, thus they are not subject to credit risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board has no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Board has, however, adopted a long-term investment policy to weigh the chances and duration of investment losses against the long-term potential for appreciation of assets. Investments in mutual funds and certain investment pools are excluded from this requirement.

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board by a majority vote of its members. The policy of the Board is to pursue an investment strategy that reduces risk through prudent diversification among its asset classes given the Plan's liability structure. Following is the Board's adopted asset allocation policy as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	70.00%
Fixed Income	27.00%
Cash	3%

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns by asset class (expected returns net of investment expense and inflation) weighting these expected rates of return by target asset allocation and adding estimated inflation.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

The long-term rate of return on assets is expected to be approximately 7.72 percent per year. The annual rate of return on the pension plan investments, net of investment expense, was actually 8.12%. The net blended rate representing the real rate of return, inclusive of inflation and net of plan expenses was 4.10%.

The annual money-weighted rate of return on pension plan investments, expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	2016	2015	2014
Annual money-weighted return on Plan Investments	8.12%	-1.07%	7.52%

Asset Class	Long-Term Expected Real Rate of Return
Equities	5.78%
Fixed Income	1.35%
Cash	-0.31%
Total Gross Blended Return	4.40%
Less: Plan Expenses	0.30%
Total Net Blended Return	4.10%

Municipal Employee Pension Plan

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2016, the carrying amount and the balance of the Plan's deposits in cash and cash alternatives totaled \$1,168,569 and were held with PNC Investment of which \$250,000 was covered by FDIC insurance.

Investments

In accordance with Government Accounting Standards Board (GASB) No. 67, investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at measurement date. Short-term investments such as in money market are reported at cost, which approximates fair value. Unrealized gains and/or losses due to fluctuations in market value are recorded in the financial statements. Securities traded on national exchanges are valued at the last reported sales price. Realized gains or losses are recorded at the time of sale. Net appreciation or depreciation in the fair value of plan investments includes both realized and unrealized gains and losses. All Plan investments are held by PNC Financial Services in the name of the bank's nominee.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

At December 31, 2016, the Plan did not hold any one investment in excess of 5% of the Plan's net position (\$3,002,995):

PNC Cash	\$ 1,168,569
Corporate bonds	3,710,998
Mutual fixed	12,869,781
Equities	36,852,010
US Treasury and asset backed mortgages	5,277,914
Other Fixed	96,693
	<u>\$ 59,975,965</u>

Pension fund investments, pursuant to Government Accounting Standards Board Statement Nos. 3 and 40, are categorized to give an indication of the level of risk assumed by the Fund securities are uninsured, are not registered in the name of the Plan and are held by either a counterparty or the counterparty's trust department or agent but not in the Plan's name. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The securities are registered in the name of the Plan, thus they are not subject to credit risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board has no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Board has, however, adopted a long-term investment policy to weigh the chances and duration of investment losses against the long-term potential for appreciation of assets. Investments in mutual funds and certain investment pools are excluded from this requirement.

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board by a majority vote of its members. The policy of the Board is to pursue an investment strategy that reduces risk through prudent diversification among its asset classes given the Plan's liability structure. Following is the Board's adopted asset allocation policy as of December 31, 2016:

Asset Class	Target Allocation
Domestic Equity	40-60%
International Equity	Within equity
Fixed Income	40-60%
Cash	0-20%
Real estate	0%

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

The long-term rate of return on assets is expected to be as follows:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	5.4-6.4%
International Equity	5.5-6.5%
Fixed Income	1.3-3.3%
Cash	0-1.0%
Real estate	4.5-5.5%

Following is the fair value of investments at December 31, 2016:

	MOODY'S RATING	FAIR VALUE	DURATION
Cash and cash equivalents	n/a	\$ 1,168,569	n/a
Investments			
Mutual funds	n/a	12,869,781	n/a
Equities	n/a	36,852,011	n/a
Fixed Income including treasury bonds and asset backed securities	A1	238,461	2-10
	A2	181,912	3-10
	A3	727,254	2-10
	AA1	108,404	3-7
	AA2	126,247	2-6
	AA3	238,096	1-3
	AAA	4,713,816	1-10
	BAA1	832,548	1-10
	BAA2	658,441	1-10
	BAA3	382,574	4-11
	Not rated	877,850	15-30
		<u>\$ 59,975,965</u>	

Firefighters' Pension Plan

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2016, the carrying amount and the balance of the Plan's deposits in cash and cash alternatives totaled \$1,991,793, of which \$1,827,967 was held with Ameritrade and \$163,826 was held with Schwab, of which \$413,826 was covered by FDIC insurance.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

Investments

In accordance with Government Accounting Standards Board (GASB) No.67, investments are reported at fair value. Unrealized gains and/or losses due to fluctuation in market value are recorded in the financial statements. Realized gains or losses are recorded at the time of sale. Assets of the plan are managed by two investment advisors, Wealth Management Services through Schwab and INR with Ameritrade acting as custodian and trustee for INR investments. Net appreciation in the fair value of plan investments includes both realized and unrealized gains and losses. Investment fees charged by Wealth Management and INR are discretely presented herein.

INR, through Ameritrade, at December 31, 2016, held plan assets in investments as follows:

Investments at fair value:

Vanguard Mid Cap Index Fund*	\$ 939,048
Vanguard Small Cap Index Fund*	974,809
Vanguard International Bond Index Fund	316,185
Vanguard Total Bond Market Index Fund *	1,878,852
Vanguard US Large Cap Growth Index Fund *	2,936,160
Vanguard US Large Cap Value Index Fund *	3,138,529
Vanguard Intermediate Term Corp Bond Fund	941,158
Vanguard International Equity Index Fund *	3,287,257
	<u>\$ 14,411,998</u>

Wealth Management Services held plan assets in investments at December 31, 2016 as follows:

Bonds	\$ 1,780,378
Scwab flexible strategies	3,218,852
Structured	953,206
Common Stocks	3,438,211
Govt obligations	71,742
	<u>\$ 9,462,389</u>

(* - Indicates an investment of five percent or more of the plan net position at December 31, 2016.)

Pension Fund investments, pursuant to Government Accounting Standards Board Statement Nos. 3 and 40 are categorized to give an indication of the level of risk assumed by the Fund at December 31, 2016. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either a counterparty or the counterparty's trust department or agent but not in the government's name. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The securities are managed by INR through Ameritrade are registered in the name of the Plan, thus they are not subject to credit risk. Investments managed by Wealth Management Services are held by a counterparty. Although the account itself is in the Plan name, the individual investments are held in the name of the nominee. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

changes in market interest rates. The Board has no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Board has, however, adopted a long-term investment policy to weigh the chances and duration of investment losses against the long-term potential for appreciation of assets. Investments in mutual funds and certain investment pools are excluded from this requirement.

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board by a majority vote of its members. The policy of the Board is to pursue an investment strategy that reduces risk through prudent diversification among its asset classes given the Plan's liability structure. Following is the Board's adopted asset allocation policy as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	65.00%
Fixed Income	32.50%
Cash Equivalents	2.50%

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns by asset class (expected returns net of investment expense and inflation) weighting these expected rates of return by target asset allocation and adding estimated inflation.

The long-term rate of return on assets is expected to result in a nominal return of 6.14 percent per year. The net blended rate representing the real rate of return, inclusive of inflation and net of plan expenses, was 3.89%. The assumed rates of return on plan investments (net of investment expenses) compounded annually for actuarial assumptions are 7.25%.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	5.53%
Fixed income	1.35%
Cash	-0.34%
Total gross blended return	4.19%
Less: plan expenses	0.30%
Total net blended return	3.89%

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2. DEPOSITS/INVESTMENTS/CASH EQUIVALENTS (continued)

SCHEDULE OF INVESTMENT RETURNS			
	2014	2015	2016
Annual money-weighted rate of return net of investment expense	5.57%	-1.19%	7.56%

NOTE 3. PROPERTY TAXES

Property taxes in arrears attach as an enforceable lien on property as of February 28 of each year. Taxes were levied on February 1, 2016. A 2% discount was allowed if payment was made by March 31, 2016. The Township property tax revenue is recognized when levied to the extent that they result in current receivables. The Township levied taxes at the rate of \$19.92 per \$1,000 of assessed valuation. The penalty period begins June 1st of each year. A ten percent penalty is assessed at that point. Taxes are returned to the County for collection after February 28 of the subsequent year.

An allowance for uncollectible accounts has been established at 30 percent of the balance of taxes owed in the total funds (General Fund and Sinking Fund) in the amount of \$1,359,420 as of December 31, 2016. A reserve has been established, shown on the fund financial statements as deferred inflow, representing that portion of net delinquent taxes not expected to be available and measurable as revenue in the current period. The government-wide financial statements do not show such a deferral as consistent with the accrual basis of accounting.

Current year tax receivable (see following statement of real estate taxes-2016 duplicate)	\$ 2,534,708
Prior year tax receivable (see following statement of real estate taxes-prior years)	1,996,691
	<u>4,531,399</u>
Less: Allowance for uncollectible accounts	(1,359,420)
	<u><u>\$ 3,171,979</u></u>

Following are schedules detailing property taxes and their appropriation to the various funds for the year ended December 31, 2016, property taxes received from prior years assessments, and a ten year summary of property taxes showing the relationship between amount levied and that actually collected.

THE TOWNSHIP OF UPPER DARBY

STATEMENT OF REAL ESTATE TAXES - 2016 DUPLICATE

YEAR ENDED DECEMBER 31, 2016

	ASSESSED VALUATION	TOTAL TAX LEVY	GENERAL FUND	SINKING FUND
Tax rate in mills		19.92	18.97	0.95
Tax duplicate	\$ 2,665,901,853	\$ 53,103,533	\$ 50,570,985	\$ 2,532,548
Add: interim taxes prorated	<u>2,485,942</u>	<u>46,425</u>	<u>44,211</u>	<u>2,214</u>
Net tax duplicate	<u>\$ 2,668,387,795</u>	<u>53,149,958</u>	<u>50,615,196</u>	<u>2,534,762</u>
Deduct: taxes collected face		49,716,880	47,345,842	2,371,038
Discounts allowed		<u>898,370</u>	<u>855,526</u>	<u>42,844</u>
Total deductions		<u>50,615,250</u>	<u>48,201,368</u>	<u>2,413,882</u>
Taxes receivable for year ended December 31, 2016		<u>\$ 2,534,708</u>	<u>\$ 2,413,828</u>	<u>\$ 120,880</u>
Penalty assessed at 10%		<u>\$ 253,471</u>	<u>\$ 202,674</u>	<u>\$ 50,797</u>

THE TOWNSHIP OF UPPER DARBY

STATEMENT OF REAL ESTATE TAXES - PRIOR YEARS

YEAR ENDED DECEMBER 31, 2016

	TOTAL	GENERAL FUND	SINKING FUND
Prior year 2015 duplicate taxes	\$ 2,569,638	\$ 2,447,090	\$ 122,548
Add: Penalties liened and collected to February 28, 2015 (net)	256,964	244,709	12,255
Deduct: Collections including penalties	(467,789)	(445,480)	(22,309)
Taxes returned to County Treasurer (\$2,144,375 plus 10% penalty of \$214,438)	2,358,813	2,246,319	112,494
Prior years returned and liened balance January 1, 2016	1,819,730	1,690,165	129,565
Add: 2015 taxes returned to County Treasurer	2,358,813	2,246,319	112,494
Add: Interest	171,550	160,415	11,135
Sub-total	4,350,093	4,096,899	253,194
Deduct: Collections	(2,353,402)	(2,229,794)	(123,608)
Prior years taxes receivable - December 31, 2016	\$ 1,996,691	\$ 1,867,105	\$ 129,586

THE TOWNSHIP OF UPPER DARBY

TEN YEAR SUMMARY OF REAL ESTATE TAXES

YEARS 2006 TO 2015 INCLUSIVE

<u>YEAR</u>	<u>TAX RATE IN MILLS</u>	<u>NET ASSESSED VALUATION</u>	<u>TAX LEVY</u>	<u>COLLECTIONS</u>	<u>RETURNED TO COUNTY TREASURER</u>	<u>PERCENTAGE OF CURRENT COLLECTIONS TO TAX LEVY</u>
2006	12.09	\$ 2,702,952,726	\$ 32,648,592	\$ 31,386,731	\$ 1,261,861	96.135%
2007	13.04	\$ 2,708,120,361	\$ 35,313,889	\$ 33,839,883	\$ 1,474,006	95.826%
2008	13.69	\$ 2,706,527,963	\$ 37,052,368	\$ 35,566,899	\$ 1,485,469	95.991%
2009	14.34	\$ 2,704,398,527	\$ 38,773,819	\$ 37,192,298	\$ 1,581,521	95.921%
2010	14.99	\$ 2,690,210,980	\$ 40,356,445	\$ 38,817,815	\$ 1,538,630	96.187%
2011	15.94	\$ 2,686,345,670	\$ 42,814,279	\$ 41,178,742	\$ 1,635,537	96.180%
2012	16.79	\$ 2,679,747,596	\$ 44,992,932	\$ 43,217,570	\$ 1,775,362	96.054%
2013	17.94	\$ 2,677,717,414	\$ 48,004,974	\$ 45,843,640	\$ 2,161,334	95.498%
2014	18.93	\$ 2,949,305,129	\$ 50,744,893	\$ 48,722,196	\$ 2,022,697	96.014%
2015	19.92	\$ 2,668,812,865	\$ 53,160,876	\$ 51,019,657	\$ 2,141,219	95.972%

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4. LONG-TERM DEBT

Upper Darby Township currently has six bond issues outstanding, maturing between 2017 and 2031, for a total remaining indebtedness of \$15,702,000. Each bond issue is maintained and repaid as a separate entity.

Funds to repay bonded indebtedness (aside from that relative to the Sewer related remaining indebtedness) are derived through property taxes at the rate of .95 mills and are accounted for through the Sinking Fund. Additional support is provided as needed through General Fund transfers.

In 2007, the Township incurred a general obligation note, Series of 2006, in the amount of \$7,500,000 in conjunction with the Delaware Valley Regional Finance Authority (DVRFA). The DVRFA purchased the note with proceeds of its DVRFA Bonds for which the Township shall remit to DVRFA principal and interest payments at a variable rate (3.490 to 3.598%) of interest through 2018. The Township as part of its agreement with DVRFA incurred additional debt through general obligation notes, series of 2008, in the amount of \$3,495,000 with a maturity date of May 2018, with an interest rate of 2.45%. Further, as part of its agreement the Township in 2011 incurred additional debt (Series of 2009) through the third general obligation note in the principal amount of \$3,485,000 with a maturity date of December, 2020, carrying an interest rate of 2.29%.

In 2010, the Township refunded its Series 2003 bonds in the amount of \$5,235,000. The 2010 Series Bonds carry interest rates of .52 to 2.50% with a maturity date of October 2018.

In 2012, the Township refunded the existing balance of its 2002 bonds in the amount of \$2,860,000. The bond issuance, in the amount of \$3,035,000 carries interest rates of .3 to 1.5% with a maturity date of July 2018.

An additional general obligation bond was issued in 2016 in the amount of \$7,515,000. The bond issuance carries an interest rate of 4 percent with a maturity date of May, 2031.

Following is an inclusive schedule of long term liabilities at December 31, 2016, statement of bonded indebtedness for the year ended December 31, 2016, and a schedule of bond maturities for the years 2017 to 2037.

**STATEMENT OF BONDED INDEBTEDNESS
YEAR ENDED DECEMBER 31, 2015**

	BOND/NOTE NUMBER	DATE OF ISSUE	FINAL MATURITY	INTEREST RATE	ORIGINAL AMOUNT ISSUED	OUTSTANDING JANUARY 1, 2016	(PAID)/ INCREASE DURING YEAR	OUTSTANDING DECEMBER 31, 2016
Bonded Debt								
Created by								
Commissioners								
General Obligation Note	06	05/25/06	5/25/2017	.91-3.98%	\$ 7,500,000	\$ 2,525,000	\$ (1,244,000)	\$ 1,281,000
General Obligation Note	08	12/21/08	5/25/2018	2.450%	3,495,000	1,554,000	(493,000)	1,061,000
General Obligation Note	09	10/25/11	12/25/2020	2.332%	3,485,000	3,465,000	(5,000)	3,460,000
General Obligation Bonds	10	11/08/10	10/1/2018	.52-2.50	5,235,000	2,115,000	(690,000)	1,425,000
General Obligation Bonds	12	05/15/12	7/15/2018	.30-1.50%	3,035,000	1,435,000	(475,000)	960,000
General Obligation Bonds	16	11/21/16	5/1/2031	4.000%	7,515,000	-	7,515,000	7,515,000
Total by Commissioners					<u>\$ 30,265,000</u>	<u>11,094,000</u>	<u>4,608,000</u>	<u>15,702,000</u>
TOTAL INDEBTEDNESS						<u>\$ 11,094,000</u>	<u>\$ 4,608,000</u>	<u>\$ 15,702,000</u>

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4. LONG-TERM DEBT (continued)

	Principal Outstanding 12/31/2016
General obligation note series of 2006	\$ 1,281,000
General obligation note series of 2008	1,061,000
General obligation bond series 2009	3,460,000
General obligation note series of 2010	1,425,000
General obligation note series of 2012	960,000
General obligation note series of 2016	7,515,000
	<u>15,702,000</u>
Other post-employment benefits (inclusive of sick time)	155,982,061
Net pension liability	50,306,019
Accrued vacation time	1,303,656
Total long term debt	<u><u>\$ 223,293,736</u></u>

	Principal	Interest	Total
2017	\$ 2,960,000	\$ 427,041	\$ 3,387,041
2018	1,782,000	412,066	2,194,066
2019	1,696,000	357,751	2,053,751
2020	1,764,000	317,192	2,081,192
2021	925,000	281,500	1,206,500
Thereafter	6,575,000	2,326,500	8,901,500
Total	<u>\$ 15,702,000</u>	<u>\$ 4,122,050</u>	<u>\$ 19,824,050</u>

NOTE 5. GENERAL OBLIGATION BOND FUND/CAPITAL PROJECT FUNDS

Long-term debt funds had been designated for use in funding capital acquisitions. Funds from the bond issuances, related interest and other operating transfers designated for capital projects are still available in the amount of \$8,871,166.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6. ACCOUNTS RECEIVABLE

The following is a schedule of the township accounts receivable as of December 31, 2016, inclusive of the property taxes as noted above in Note 3.

	General Fund	Sinking Fund	Sewer Fund	Sewer Rental Capital fund	Non Major Funds	Total
Real estate taxes	\$ 4,280,934	\$ 250,465	\$ -	\$ -	\$ -	\$4,531,399
Sewer rental fees	-	-	4,597,911	-	-	4,597,911
Ash and rubbish fees	3,508,699	-	-	-	-	3,508,699
County receivable	126,225	-	-	-	-	126,225
Grant receivables:						
County aid	89,168	-	-	-	-	89,168
HUD	314,136	-	-	-	-	314,136
Home	120,514	-	-	-	-	120,514
COSA	48,656	-	-	-	-	48,656
Community development	-	-	-	-	112,669	112,669
Papal visit reimbursement	142,794	-	-	-	-	142,794
Cable franchise	365,248	-	-	-	-	365,248
Local service tax	84,831	-	-	-	-	84,831
Liquor license	27,750	-	-	-	-	27,750
Other	12,186	-	-	7,377	-	19,563
Less: allowance for doubtful accounts	(3,389,499)	(75,140)	(1,379,373)	-	-	(4,844,012)
	<u>\$ 5,731,642</u>	<u>\$ 175,325</u>	<u>\$ 3,218,538</u>	<u>\$ 7,377</u>	<u>\$ 112,669</u>	<u>\$9,245,551</u>

ASH AND RUBBISH

Ash and rubbish fees receivable for the years 1971 to 2016 inclusive have been shown in the General Fund at 40 percent net value. The Township considers 60 percent of the receivables to be uncollectible and the account has been credited as such. The Township has been taking aggressive action, including legal remedies, in collection of these outstanding receivables. Deferred revenue in the governmental fund statements includes that amount of the ash and rubbish net receivable that is not expected to be collected during the subsequent period pursuant with the modified accrual basis of accounting for these funds. As noted above, the government-wide financial statements do not include such a deferral as consistent with the accrual basis of accounting utilized in those statements.

SEWER RENTAL

Receivables from sewer rental fees include \$1,358,588 outstanding from 2016 and \$3,239,323 outstanding from 2015 and prior years for a total of \$4,597,911.

An allowance for uncollectible accounts has been established at 30 percent of the balance of fees owed as of December 31, 2016, in the amount of \$1,379,373. The sewer rental fees are recorded as revenue when collected. The receivable on the balance sheet represents the amount assessed and not available or collected as of the balance sheet date. Within the governmental fund financial statements and as with property taxes, sewer rental fees are recognized when they become both measurable and available. A reserve has been established, shown on the governmental fund financial statements as deferred revenue, for that portion of the outstanding sewer rental fees that are not anticipated to be measurable and available during the current period pursuant with the modified accrual basis of accounting. The

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6. ACCOUNTS RECEIVABLE (continued)

government-wide financial statements do not include such a deferral as consistent with the accrual basis of accounting utilized in those statements.

In addition, at balance sheet date, Upper Darby Township had receivables in the amount of \$221,908 due from other municipalities for sewer rental charges up to December 31, 2016.

NOTE 7. SEWER RENTAL CAPITAL FUND

The Special Sewer Rental Fund acts as a reserve for future sewer maintenance, construction and special needs. The Township administrators periodically transfer money from the Sewer Rental Fund and/or General Fund to provide for these needs and/or contingencies. Upper Darby Township had receivable in this fund from another municipality for \$26,667.

NOTE 8. FIXED ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 4,637,840	\$ -	\$ -	\$ 4,637,840
Total capital assets not being depreciated	4,637,840	-	-	4,637,840
Capital assets being depreciated:				
Land improvements	25,535	-	-	25,535
Building and building improvements	16,966,682	218,285	-	17,184,967
Infrastructure	24,922,344	-	(29,964)	24,892,380
Machinery and equipment	4,823,740	41,606	(49,797)	4,815,549
Vehicles	13,669,228	443,436	(464,010)	13,648,654
Total capital assets being depreciated	60,407,529	703,327	(543,771)	60,567,085
Total capital assets	65,045,369	703,327	(543,771)	65,204,925
Accumulated depreciation				
Land improvements	7,880	2,554	-	10,434
Building and building improvements	14,075,188	123,351	-	14,198,539
Infrastructure	12,581,315	588,684	(19,692)	13,150,307
Machinery and equipment	2,429,368	192,559	(49,798)	2,572,129
Vehicles	10,065,450	733,500	(459,071)	10,339,879
Total accumulated depreciation	39,159,201	1,640,648	(528,561)	40,271,288
Capital assets, net of depreciation	\$ 25,886,168	\$ (937,321)	\$ (15,210)	\$ 24,933,637

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8. FIXED ASSETS (continued)

Depreciation allocations for the year ended are as follows:

	Depreciation 12/31/2016
Council	\$ -
Administration	106,649
Police	329,562
Fire	286,857
L&I	550
Health	6,677
Sanitation	68,498
Sewer	105,468
Public works	490,625
Electric	82,747
Parking meter	2,375
Leisure services	74,474
Parks	22,183
COSA	3,449
General depreciation	60,534
	<u>\$ 1,640,648</u>

Construction in progress, when shown in the governmental funds, represents costs accumulated for projects not completed at year end. There were no construction in progress items open at year end.

A summary of changes in capital assets of Upper Darby Township and Sellers Memorial Library, a discretely presented component unit, is as follows:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
Capital assets not being depreciated:				
Land and non-depreciable historical site	\$ 464,384	\$ -	\$ -	\$ 464,384
Capital assets being depreciated:				
Buildings and improvements	450,125	38,973	-	489,098
Leasehold improvements	174,211	-	-	174,211
Furniture and equipment	581,576	-	-	581,576
Library books and material	1,190,643	91,474	(221,612)	1,060,505
Subtotal	2,860,939	130,447	(221,612)	2,769,774
Less: accumulated depreciation	(1,700,377)	(77,976)	221,612	(1,556,741)
Total	<u>\$1,160,562</u>	<u>\$ 52,471</u>	<u>\$ -</u>	<u>\$1,213,033</u>

Depreciation for 2016 totaled \$77,976.

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES/INTERFUND TRANSFERS

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loan. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. At the balance sheet date, the amount of interfund receivables is equal to the amount of interfund payables as follows:

	<u>AMOUNT DUE FROM OTHER FUNDS</u>	<u>AMOUNT DUE TO OTHER FUNDS</u>
General fund	\$ 143,559	\$ 1,540,827
Sewer rental fund	1,277,066	70,581
Highway Aid fund	-	35,429
Debt Service Fund	351,878	-
Community Development funds	-	108,129
Sewer rental sinking fund	70,581	88,118
	<u>\$ 1,843,084</u>	<u>\$ 1,843,084</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and payments between the funds are made.

Interfund transfers for the year ended December 31, 2016 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sewer Rental Fund	\$ -	\$ 493,675
Debt Service Fund	493,675	-
	<u>\$ 493,675</u>	<u>\$ 493,675</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts as debt service from the funds collecting the receipts as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds pursuant to authorizations.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10. FEDERAL GRANTS/SINGLE AUDIT ACT

Upper Darby Township participated in several federally assisted programs:

PROGRAM
U.S. Department of Housing and Urban Development Community Development Block Grant
U.S. Department of Health and Human Services <i>Passed through Commonwealth of Pennsylvania</i> Special Programs for Aging Title IIIC Special Programs for Aging Title III-Part C Nutrition
Department of Justice <i>Passed through County of Delaware</i> Bullet Proof Vests Justice Assistance Grant
U.S. Department of Transportation <i>Passed through the Commonwealth of Pennsylvania-</i> Division of Highway Safety and Traffic Operations Highway Safety Program-DUI enforcement Safe Routes to School Program

The programs were audited as part of the General Township audit. The reports in compliance with the Single Audit Act are filed under separate cover and are not made part of these financial statements.

The Community Development Block Grant was audited separately for the period January 1, 2016 through December 31, 2016. A financial report on the program is presented in this report as supplemental information. HUD revenue and expenditures are treated for the purpose of the financial statements on a departmental basis. The HUD revenue reflects that amount received as part of the HUD entitlement for 2016 including the November and December 2016 drawdowns shown as part of the General Fund accounts receivable. Township labor, other than those directly related to specific HUD employees, is reimbursed by HUD as part of the entitlement revenue. This amount charged and received as part of the HUD entitlement is actually a reduction in expenses of other departments within the funds from which labor expenses were originally charged. This presentation was selected to better reflect actual HUD related expenditures and to properly reduce other expenditures accordingly. The HUD report itself shows specific program costs and revenue to balance sheet date.

NOTE 11. COLLENBROOK

The Township acquired in 1989 the Collenbrook Farm property under the Will of Eleanor Houston Smith. The Township paid \$200,000 for the property consisting of Legislative Initiative Grant of \$30,000, an Economic Development Appropriation from the Commonwealth for \$80,000, and \$90,000 plus settlement costs from HUD (which were shown as part of the HUD program expenditures). The property was valued by the family at \$400,000, with the Township purchasing one half and the family donating the balances. This property is part of the Township's fixed assets as reported in Note 8 above.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 12. LEASES

The Township is obligated under a lease accounted for as an operating lease with the Philadelphia Electric Company for an access road used in conjunction with its Highway Yard. An operating lease does not give rise to property rights or lease obligations, and therefore the result of this agreement is not reflected in the Township's capital assets. This lease is payable \$4,300 annually on the first day of February. This lease is cancelable by either party upon thirty days notice.

A property at 319 Watkins Avenue is leased for a period of five years through 2019, with an annual rental of \$27,600. The Township further leases a property from the Upper Darby Fire Company No.3 for the use of the Police Athletic League boxing program for \$900 per month currently. The Township leases a property for use by its Leisure Services Department. The lease is a twenty year lease beginning in 2013 at \$29,352 for the first five years with escalation amounts beginning thereafter.

Future rental payments for the next five years and thereafter are as follows:

2017	\$ 70,748
2018	62,519
2019	62,753
2020	62,753
2021	35,153
Thereafter	437,109
	<u>\$ 731,034</u>

In addition, the Township holds a lease on an historical property for which no rent is received. Under this lease, which has been extended through 2017, the lessee is to maintain the properties in habitable condition and is responsible for costs. In addition, the lessee is required to permit access to the properties for nature study, environmental analysis and historical considerations. The Township further leases out the Collenbrook property referred to above for \$750 per month. The Township leases an additional property to the Marine Corp League for \$1 per year.

NOTE 13. INVESTMENT IN WASTEWATER TREATMENT PLANT

The Township further has a long-term wastewater treatment contract with the Philadelphia Water Department for which it charges other neighboring municipalities with their pro-rata share accordingly. The Township and the neighboring communities are responsible for their proportional share of the cost of all capital costs incurred. The Township's proportional share of the net book value of the capital assets is shown on the government-wide statement.

NOTE 14. WORKMEN'S COMPENSATION

Upper Darby Township maintains self-insurance for Workmen's Compensation. The Township has filed a \$2,000,000 surety bond with the Commonwealth of Pennsylvania. Claims are reviewed and paid through an independent agency, which the Township reimburses monthly. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount can be reasonably estimated. The self-insured plan provides excess coverage or reimbursement to protect the Township from large losses. Management monitors the variances. In a fiduciary fund, the Township maintains cash and certificates of deposit for such purposes.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 15. LIBRARY TRUST FUND

The Library Trust Fund acts as a conduit between the Sarah P. Sellers Trust and the Sellers Library. Four (4) times per year, the Trust Fund receives monies from the Sellers Estate (administered by Provident Bank) that are immediately disbursed to the Sellers Library. The Trust is for the benefit of a free, non-sectarian library to be maintained by Upper Darby Township.

NOTE 16. RETIREMENT COMMITMENTS

The Township sponsors the Police Pension Plan, the Municipal Employees Pension Plan, and the Fire Fighters Pension Plan. Each is a single employer defined benefit plan. Eligibility for coverage is as follows: In the Firefighters Plan, each employee who is a member of Local 2493 of the International Association of Firefighters and who agrees to contribute becomes a participant on the commencement date of his employment; the Police Pension Plan covers all members of the police force of the Township; and the Municipal Employees Pension Plan is open to all full time municipal employees of the Township.

Basic Provisions

Police:

A member hired prior to January 1, 2001 may retire upon attaining a combination of age and service equal to 77, provided that the member is at least 50 years old with 20 years of service.

Members hired on or after January 1, 2001 may retire upon reaching the age of 50 and completion of 25 years of service. The pension shall be equal to 62 percent of the average total compensation during the highest 24 consecutive months during the final 60 months of service. Pension provisions include death and disability provisions.

Fire:

Normal retirement date is the first day of the month coincident with or next following the date the participant attains age 53 with ten years of service. The monthly pension should equal 1/12th of 2.5 percent of average annual compensation multiplied by total years of service. The plan provides for death and disability provisions.

Municipal:

Normal retirement for this plan is the participant's 60th birthday and completion of 5 years of service. Members who are also Township officials are eligible to commence receiving their retirement benefits at age 70 ½ years even if they have not retired. The annual pension upon normal retirement is 2.5 percent of the average of the member's compensation over the two

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

years of service producing the largest average, multiplied by the number of years of service up to termination of employment. Pension is payable for the member's lifetime only. Pension benefits are available upon termination of employment as a result of total and presumably permanent disability.

General Information

The Township received on behalf of the plans \$2,550,419 in Commonwealth funds pursuant to Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, which were distributed as follows:

	State Aid	Minimum Municipal Obligation	Township Contribution
Police	\$ 1,175,108	\$ 4,538,737	\$ 3,363,629
Fire	504,861	1,305,775	1,011,115
Municipal	870,450	907,281	36,831
	<u>\$2,550,419</u>	<u>\$6,751,793</u>	<u>\$4,411,575</u>

Net pension liability and pension expense within the government wide statements recognized for the period pursuant to GASB 68 is as follows:

Net pension liability

Police	Municipal	Fire
\$30,536,786	\$11,265,075	\$8,504,158

Pension expense

Police	Municipal	Fire
\$7,357,951	\$1,866,260	\$1,406,349

Plan membership, as of the latest actuarial valuation reports for each respective plan is as follows:

	Police	Fire	Municipal
a. Retirees, beneficiaries and disabled	128	22	131
b. Terminated plan members entitled to but not yet receiving benefits	1	-	14
c. Active plan members	<u>128</u>	<u>54</u>	<u>204</u>
	<u>257</u>	<u>76</u>	<u>349</u>

Active membership of each of the plans contributed as follows for 2016:

	Contribution
Police	\$859,918
Municipal	\$766,948
Fire	\$394,308

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

Contributions for the police are based on 6.5 percent of salary if hired before January 1, 2001, 5 percent if hired subsequent to that date; fire fighters and municipal employees at 6 percent respectively. Contributions for Fire and Municipal employees are 6% of compensation. Total payroll, including overtime, for all Township employees amounted to \$34,337,865.

Projected funding requirements for 2017 based on actuarial computations of minimum municipal obligations are as follows:

Police	\$4,711,803
Fire	1,586,677
Municipal	962,580
	<u>\$7,261,060</u>

A significant portion of this amount is expected to be received from the General Municipal Pension System pursuant to Act 205. The plans are each administered independently of the Township with their own Boards of Director and Administrators and are reported on separately. Such reports are available from the Board of each of the respective plans. Each of the plans maintains its books and records on the accrual basis of accounting. The plans all present their respective investments at market value.

Significant actuarial assumptions used to measure the pension benefit obligations pursuant to the actuarial reports were as follows:

Methods used to determine the value of assets were as follows:

Police - Assets are valued at fair market value.

Fire – Assets are valued at market value.

Municipal - Assets are valued at market value.

Net Pension Liability of the Township

Police

The components of the net pension liability of the Township at December 31, 2015 were as follows:

Total pension liability	\$ 98,072,105
Plan fiduciary net position	<u>(67,535,319)</u>
Township's net pension liability	<u>\$ 30,536,786</u>

Plan fiduciary net position as a percentage of the total pension liability: 68.86%

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods in the measurement

Inflation	2.5 percent
Salary increases	4.75 percent per annum, including inflation
Investment rate of return	7.75 percent per annum
Cost-of-living adjustment	3 percent per annum

The Plan's total pension liability as of December 31, 2016 was projected by the actuaries from January 1, 2015.

Mortality rates for healthy lives were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment with Scale AA projected to 2015.

Long term expected rate of return/ money weighted return

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns weighting these expected rates of return by target asset allocation and adding estimated inflation. The long-term rate of return on assets is expected to be approximately 7.72 percent per year. The annual rate of return on the pension plan investments, net of investment expense, was actually 8.12%. The net blended rate representing the real rate of return, inclusive of inflation and net of plan expenses was 4.10%. Long term expected real rate of return was as follows:

Asset Class	Long-Term Expected Real Rate of Return
Equities	5.78%
Fixed Income	1.35%
Cash	-0.31%
Total Gross Blended Return	4.40%
Less: Plan Expenses	0.30%
Total Net Blended Return	4.10%

The annual money-weighted rate of return on pension plan investments, expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	2016	2015	2014
Annual money-weighted return on Plan Investments	8.12%	-1.07%	7.52%

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.75% per year, compounded annually. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments for all future years. The discount rate is equal to the assumptive long-term rate of return of 7.75%.

Sensitivity of the net pension liability to changes in the discount rate

Following presents the net pension liability of the Township if calculated using different discount rates as presented by actuarial determination (unaudited):

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 41,603,848	\$ 30,536,786	\$ 21,248,157

For the year ended December 31, 2016, the Township recognized pension expense in its government wide statements for the Police pension in the amount of \$ 7,357,951. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to the police pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,248,891
Changes in assumptions	4,957,589	-
Net difference between projected and actual investment earnings	2,778,147	-
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 7,735,736</u>	<u>\$ 2,248,891</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension will be recognized in the Township's pension expense as follows:

Year ending December 31,

2017	\$	2,035,989
2018	\$	2,035,989
2019	\$	1,507,202
2020	\$	(92,335)
2021	\$	-
Thereafter	\$	-

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 16. RETIREMENT COMMITMENTS (continued)

Firefighters

The components of the net pension liability of the Township at December 31, 2015 were as follows:

Total pension liability	\$ 34,391,533
Plan fiduciary net position	<u>(25,887,375)</u>
Township's net pension liability	<u>\$ 8,504,158</u>

Plan fiduciary net position as a percentage of the total pension liability: 75.27%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods in the measurement:

Inflation	3.0 percent
Salary increases	4.75 percent per annum, including inflation
Investment rate of return	7.25 percent per annum

Mortality rates for healthy lives were based on the RP-2000 Mortality Tables, (Blue Collar) projected to 2018 with Scale AA.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns weighting these expected rates of return by target asset allocation and adding estimated inflation. The long-term rate of return on assets is expected to be approximately 7.25 percent per year. For the year ended December 31, 2016, the net blended rate representing the real rate of return, inclusive of inflation and net of plan expenses, was 3.89%. Long term expected real rate of return was as follows:

Asset Class	Long-Term Expected Real Rate of Return
Equities	5.53%
Fixed Income	1.35%
Cash	-0.34%
Total Gross Blended Return	4.19%
Less: Plan Expenses	0.30%
Total Net Blended Return	3.89%

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 16. RETIREMENT COMMITMENTS (continued)

The annual money-weighted rate of return on pension plan investments, expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	2014	2015	2016
Annual money-weighted rate of return net of investment expense	5.57%	-1.19%	7.56%

Discount rate

The discount rate used to measure the total pension liability was 7.25% per year, compounded annually. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments for all future years.

Sensitivity of the net pension liability to changes in the discount rate

Following presents the net pension liability of the Township if calculated using different discount rates as presented by actuarial determination (unaudited):

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Net pension liability	\$12,539,861	\$8,504,158	\$5,049,768

For the year ended December 31, 2016, the Township recognized pension expense in its government wide statements for the Firefighters pension in the amount of \$ 1,406,349. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to the Firefighters pension as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ 658,503
Changes in assumptions		-
Net difference between projected and actual investment earnings	1,157,367	-
Changes in proportions	-	
Contributions subsequent to measurement date	-	-
	<u>\$ 1,157,367</u>	<u>\$ 658,503</u>

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firefighters Pension will be recognized in the Township's pension expense as follows:

Year ending December 31,	
2017	\$ 259,347
2018	\$ 259,347
2019	\$ 259,347
2020	\$ (117,795)
2021	\$ 124,280
Thereafter	\$ (37,100)

Municipal Employees

The components of the net pension liability of the Township at December 31, 2016 were as follows:

Total pension liability	\$ 34,391,533
Plan fiduciary net position	(25,887,375)
Township's net pension liability	<u>\$ 8,504,158</u>

Plan fiduciary net position as a percentage of the total pension liability: 84.21%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	5 percent per annum, including inflation
Investment rate of return	8 percent per annum

The Plan's total pension liability as of December 31, 2016 was projected by the actuaries using an actuarial valuation for the 2016 measurement period.

Mortality rates for healthy lives were based on the RP2000 projected forward with Scale AA.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) weighting these expected rates of return by target asset allocation and adding estimated inflation. The long-term rate of return on assets is expected to be as follows:

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 16. RETIREMENT COMMITMENTS (continued)

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	5.4 - 6.4%
International Equity	5.5 - 6.5%
Fixed Income	1.3 - 3.3%
Cash	0.0 - 1.0%
Real estate	4.5 - 5.5%

Discount rate

The discount rate used to measure the total pension liability was 8% per year, compounded annually. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments for all future years. The discount rate is equal to the assumptive long-term rate of return of 8%.

Sensitivity of the net pension liability to changes in the discount rate

Following presents the net pension liability of the Township if calculated using different discount rates as presented by actuarial determination (unaudited):

	1% Decrease 7%	Current Rate 8%	1% Increase 9%
Net pension liability	\$21,769,212	\$11,265,075	\$2,044,331

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 16. RETIREMENT COMMITMENTS (continued)

For the year ended December 31, 2016, the Township recognized pension expense in its government wide statements for the Municipal Employees pension in the amount of \$1,866,260. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to the Municipal Employees pension as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions		
Net difference between projected and actual investment earnings	2,792,845	-
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 2,792,845</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Municipal Employees Pension will be recognized in the Township's pension expense as follows:

Year ending December 31,		
2017	\$	1,154,753
2018	\$	1,154,753
2019	\$	1,154,754
2020	\$	278,399
2021	\$	(176,412)
Thereafter	\$	(773,402)

NOTE 17. OTHER POST EMPLOYMENT BENEFITS

The Township pays certain post employment benefits for both uniform and non-uniform municipal employees. This is a single-employer plan administered by the Township. Certain categories of members do contribute to the Plan. Uniform employees, both police and fire, receive both medical and vision benefits for the employee and spouse. Should these employees be on permanent disability, the Township will continue to pay both medical and dental coverage. Non-uniform employees who retire at 60 years of age will receive a portion of their respective medical coverage costs based on their respective years of service. The Plan is unfunded and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of Township Council. The required contribution of the Township is based on a pay-as-you-go financing requirement. The Township Council has the authority within contractual limitations to amend the plan including changing the obligation of plan members and the Township to contribute to the Plan.

THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 17. OTHER POST EMPLOYMENT BENEFITS (continued)

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board (GASB) Statement 45.

GASB No. 45 establishes standards of financial accounting and reporting for governmental employers providing postretirement benefits to their employees. Benefits defined as OPEB include medical, prescription drug, dental, vision, sick leave and life insurance (as applicable). Long-term compensated absences for sick leave had previously been accrued on the Township's financial statements and the expense previously recorded. Consequently, the expense for this period is presented net of that previously recorded in the Statement of Activities. The ARC is equal to the normal cost and the amortization of the Unfunded Actuarial Accrued Liability plus interest. The following show the components of the annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the Township's OPEB obligation:

Annual required contribution (ARC)	\$ 26,927,402
Interest on net OPEB obligation and ARC	5,547,290
Adjustment to annual required contribution	<u>(8,575,521)</u>
Annual OPEB cost (expense)	23,899,171
Contributions made (pay as you go)	<u>(3,599,956)</u>
Increase in net OPEB obligation	20,299,215
Actuarial adjustment	<u>(2,999,391)</u>
Net OPEB obligation at January 1, 2016	<u>138,682,237</u>
Net OPEB obligation at December 31, 2016	<u>\$ 155,982,061</u>

<u>Fiscal year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2009	\$ 21,016,627	24.00%	\$ 34,344,989
December 31, 2010	\$ 19,852,104	15.50%	\$ 51,119,293
December 31, 2011	\$ 20,707,976	15.38%	\$ 68,642,273
December 31, 2012	\$ 20,787,230	14.63%	\$ 86,186,800
December 31, 2013	\$ 22,232,345	13.91%	\$ 102,076,196
December 31, 2014	\$ 23,069,235	14.93%	\$ 119,692,793
December 31, 2015	\$ 24,189,411	15.22%	\$ 138,682,237
December 31, 2016	\$ 23,899,171	15.06%	\$ 155,982,061

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 17. OTHER POST EMPLOYMENT BENEFITS (continued)

The following is based upon the January 1, 2016 actuarial valuation and is unaudited:

Actuarial accrued liability (AAL)	\$ 250,203,202
	-
	<u>\$ 250,203,202</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 29,177,102
UAAL as a percentage of covered payroll	857.53%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets as applicable.

Valuation date	January 1, 2016
Actuarial cost method	Projected Unit Credit Cost
Healthcare Cost Trend	5%
Funding policy	Pay as you go
Salary increase assumptions	
Uniformed	3.25% per year
Firefighters	3.5% per year
Non-Uniformed	3.0% per year
Discount rate	4.00%
UAAL amortization	Open, level-dollar amortization 30 years

NOTE 18. COSA

The COSA program of Upper Darby Township was included in the audit of the Township of Upper Darby as a single entity. Revenue and expenditures for the COSA program for the calendar year are presented with the financial statements of the General Fund. As mentioned in Note 10 of these financial statements, the COSA program consisted of federal financial assistance passed through from the County of Delaware and was a part of the Township Single Audit. An audited schedule of the COSA program for the fiscal year ended June 30, 2016 is included herein as supplemental information.

NOTE 19. LITIGATION

There are various claims or lawsuits currently pending against or on behalf of the Township. Counsel has not indicated that the eventual outcome or effect of those claims would have a material effect, if any, on the Township's financial statements.

**THE TOWNSHIP OF UPPER DARBY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 20. SUBSEQUENT EVENTS

Management of the Township has evaluated subsequent events through June 20, 2017, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**REQUIRED SUPPLEMENTAL INFORMATION
THE TOWNSHIP OF UPPER DARBY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Real estate taxes	\$ 50,159,900	\$ 50,159,900	\$ 49,751,958	\$ (407,942)
Local enabling act taxes	3,015,000	3,015,000	2,776,504	(238,496)
Licenses and permits	2,719,000	2,719,000	3,220,650	501,650
Fines and forfeits	670,000	670,000	572,110	(97,890)
Rent	190,000	190,000	223,643	33,643
Investment earnings	25,000	25,000	96,317	71,317
Public utility realty tax	60,000	60,000	62,187	2,187
Grants and entitlements	2,412,000	2,412,000	1,789,466	(622,534)
Delaware County Office of Services for the Aging (COSA)	310,000	310,000	328,983	18,983
Departmental earnings	5,966,300	5,966,300	6,224,520	258,220
Pennsylvania contribution for pension and Ad hoc pension and volunteer fireman	2,297,606	2,297,606	2,550,494	252,888
Miscellaneous/refunds and reimbursements	300,000	300,000	261,537	(38,463)
Sewer fund reimbursement	685,900	685,900	699,628	13,728
	900,000	900,000	845,294	(54,706)
Total revenues	69,710,706	69,710,706	69,403,291	(307,415)
EXPENDITURES				
General governmental	14,664,194	14,664,194	14,074,945	589,249
Public Safety	39,994,311	40,494,311	40,250,166	244,145
Health and sanitation	4,966,459	4,921,459	4,917,458	4,001
Community development	2,400,454	2,400,454	1,973,891	426,563
Electric, parking and public works	3,384,601	3,429,601	3,368,802	60,799
Leisure services, COSA and parks	3,273,701	3,273,701	2,728,843	544,858
Volunteer fire allocation	300,000	300,000	261,537	38,463
Municipal pension contribution	907,281	907,281	907,281	-
Library contribution	1,285,494	1,285,494	1,285,494	-
Total expenditures	71,176,495	71,676,495	69,768,417	1,908,078
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,465,789)</u>	<u>(1,965,789)</u>	<u>(365,126)</u>	<u>1,600,663</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses) of funds, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (1,465,789)</u>	<u>\$ (1,965,789)</u>	<u>(365,126)</u>	<u>\$ 1,600,663</u>
FUND BALANCE - BEGINNING			8,175,031	
FUND BALANCE - ENDING			<u>\$ 7,809,905</u>	

REQUIRED SUPPLEMENTAL INFORMATION
THE TOWNSHIP OF UPPER DARBY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SEWER RENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	Sewer Rental Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Sewer rentals, penalties and interest	\$ 7,200,000	\$ 7,200,000	\$ 8,125,650	\$ 925,650
Investment earnings	500	500	7	(493)
Grants and entitlements	25,000	25,000	-	(25,000)
Joint projects other municipalities	1,555,135	1,555,135	1,401,170	(153,965)
Total revenues	8,780,635	8,780,635	9,526,827	746,192
EXPENDITURES				
Sewer	8,909,077	8,909,077	8,513,951	395,126
Total expenditures	8,909,077	8,909,077	8,513,951	395,126
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128,442)	(128,442)	1,012,876	1,141,318
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	-	-	-	-
Operating transfers out--sewer rental sinking fund	(493,675)	(493,675)	(493,675)	-
Total other financing sources (uses) of funds, net	(493,675)	(493,675)	(493,675)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	\$ (622,117)	\$ (622,117)	519,201	\$ 1,141,318
FUND BALANCE - BEGINNING			1,689,913	
FUND BALANCE - ENDING			<u>\$ 2,209,114</u>	

REQUIRED SUPPLEMENTAL INFORMATION
THE TOWNSHIP OF UPPER DARBY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - HIGHWAY AID FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	Highway Aid Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 447	\$ (53)
Other income	89,168	89,168	-	(89,168)
Grants and entitlements	1,797,138	1,797,138	1,844,833	47,695
Total revenues	1,886,806	1,886,806	1,845,280	(41,526)
EXPENDITURES				
Highways and streets	1,886,806	2,186,806	1,865,475	321,331
Total expenditures	1,886,806	2,186,806	1,865,475	321,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(300,000)	(20,195)	279,805
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses) of funds, net	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ -</u>	<u>\$ (300,000)</u>	(20,195)	<u>\$ 279,805</u>
FUND BALANCE - BEGINNING			46,681	
FUND BALANCE - ENDING			<u>\$ 26,486</u>	

**REQUIRED SUPPLEMENTAL INFORMATION
THE TOWNSHIP OF UPPER DARBY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2016

	Debt Service Fund			Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Real estate taxes	\$ 2,532,099	\$ 2,532,099	\$ 2,553,496	\$ 21,397
Other revenue	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>2,532,099</u>	<u>2,532,099</u>	<u>2,553,496</u>	<u>21,397</u>
EXPENDITURES				
Principal	2,432,000	2,432,000	2,907,000	(475,000)
Interest	215,094	215,094	216,750	(1,656)
Total expenditures	<u>2,647,094</u>	<u>2,647,094</u>	<u>3,123,750</u>	<u>(476,656)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(114,995)</u>	<u>(114,995)</u>	<u>(570,254)</u>	<u>(455,259)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	488,325	488,325	493,675	5,350
Operating transfers out	-	-	-	-
Total other financing sources (uses) of funds, net	<u>488,325</u>	<u>488,325</u>	<u>493,675</u>	<u>5,350</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ 373,330</u>	<u>\$ 373,330</u>	<u>(76,579)</u>	<u>\$ (449,909)</u>
FUND BALANCE - BEGINNING			451,988	
FUND BALANCE - ENDING			<u>\$ 375,409</u>	

REQUIRED SUPPLEMENTARY INFORMATION

THE TOWNSHIP OF UPPER DARBY

**DECEMBER 31, 2016
(UNAUDITED)**

**SCHEDULES OF CHANGES IN UPPER DARBY TOWNSHIP'S
NET PENSION LIABILITIES AND RELATED RATIOS**

POLICE PENSION

	2014	2015	2016
<i>Total Pension Liability</i>			
Service cost	\$ 3,189,543	\$ 3,349,022	\$ 3,666,355
Interest	5,987,854	6,367,532	6,951,797
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(4,040,837)	-
Changes in assumptions	-	8,907,859	-
Benefit payments	<u>(4,401,917)</u>	<u>(4,460,947)</u>	<u>(4,493,295)</u>
Net change in total pension liability	4,775,480	10,122,629	6,124,857
Total pension liability - beginning	<u>77,049,139</u>	<u>81,824,619</u>	<u>91,947,248</u>
Total pension liability - ending	<u>81,824,619</u>	<u>91,947,248</u>	<u>98,072,105</u>
 <i>Plan Fiduciary Net Position</i>			
Contributions-township and state aid	4,843,478	5,012,337	4,538,737
Contributions-employee	743,812	777,447	859,918
Net investment income	4,086,233	(437,319)	5,161,225
Benefit payments	<u>(4,401,917)</u>	<u>(4,460,947)</u>	<u>(4,493,295)</u>
Administrative expense	<u>(56,143)</u>	<u>(292,272)</u>	<u>(263,278)</u>
Net change in fiduciary net position	5,215,463	599,246	5,803,307
Plan fiduciary net position - beginning	<u>55,917,303</u>	<u>61,132,766</u>	<u>61,732,012</u>
Plan fiduciary net position - ending	<u>61,132,766</u>	<u>61,732,012</u>	<u>67,535,319</u>
 Upper Darby Township net pension liability	 <u><u>\$ 20,691,853</u></u>	 <u><u>\$ 30,215,236</u></u>	 <u><u>\$ 30,536,786</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 74.71%	 67.14%	 68.86%
Covered employee payroll	\$ 12,930,104	\$ 13,841,548	\$ 14,304,153
 Net pension liability as a percentage of covered employee payroll	 160.03%	 218.29%	 213.48%

SCHEDULE OF INVESTMENT RETURNS

	2014	2015	2016
Annual money-weighted rate of return net of investment expense	7.52%	-1.07%	8.12%

**REQUIRED SUPPLEMENTARY INFORMATION
THE TOWNSHIP OF UPPER DARBY
DECEMBER 31, 2016
(UNAUDITED)**

**SCHEDULES OF CHANGES IN UPPER DARBY TOWNSHIP'S
NET PENSION LIABILITIES AND RELATED RATIOS**

MUNICIPAL EMPLOYEES PENSION PLAN	2014	2015	2016
<i>Total Pension Liability</i>			
Service cost	\$ 1,328,842	\$ 1,364,058	\$ 1,531,882
Interest	4,827,925	4,981,253	5,413,416
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(689,593)	(1,340,172)	(612,438)
Changes in assumptions			
Benefit payments	(3,714,872)	(3,181,428)	(3,446,427)
Net change in total pension liability	1,752,302	1,823,712	2,886,433
Total pension liability - beginning	64,862,306	66,614,608	68,438,320
Total pension liability - ending	66,614,608	68,438,320	71,324,753
<i>Plan Fiduciary Net Position</i>			
Contributions-township and state aid	896,788	873,334	907,281
Contributions-employee	653,919	691,270	766,948
Net investment income	4,486,461	110,645	2,380,341
Benefit payments	(3,714,872)	(3,181,428)	(3,446,427)
Other	-	7,055	10,787
Administrative expense	(43,500)	(87,785)	(68,786)
Net change in fiduciary net position	2,278,796	(1,586,909)	550,144
Plan fiduciary net position-beginning	58,817,647	61,096,443	59,509,534
Plan fiduciary net position-ending	61,096,443	59,509,534	60,059,678
Upper Darby Township net pension liability	\$ 5,518,165	\$ 8,928,786	\$ 11,265,075
Plan fiduciary net position as a percentage of total pension liability	91.72%	86.95%	84.21%
Covered employee payroll	\$ 10,551,801	\$ 11,142,155	\$ 11,658,330
Township's net pension liability as a percentage of covered payroll	52.30%	86.95%	96.63%

SCHEDULE OF INVESTMENT RETURNS

	2014	2015
Annual money-weighted rate of return net of investment expense	8.33%	-0.71%

REQUIRED SUPPLEMENTARY INFORMATION

THE TOWNSHIP OF UPPER DARBY

**DECEMBER 31, 2016
(UNAUDITED)**

**SCHEDULES OF CHANGES IN UPPER DARBY TOWNSHIP'S
NET PENSION LIABILITIES AND RELATED RATIOS**

FIREFIGHTERS PENSION PLAN

	2014	2015	2016
<i>Total Pension Liability</i>			
Service cost	\$ 880,824	\$ 832,869	\$ 848,744
Interest	2,036,876	2,258,285	2,379,778
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(529)	(551,095)	(309,056)
Changes in assumptions	-	-	-
Benefit payments	<u>(697,458)</u>	<u>(752,903)</u>	<u>(1,007,436)</u>
Net change in total pension liability	2,219,713	1,787,156	1,912,030
Total pension liability - beginning	<u>28,472,634</u>	<u>30,692,347</u>	<u>32,479,503</u>
Total pension liability - ending	<u>30,692,347</u>	<u>32,479,503</u>	<u>34,391,533</u>
<i>Plan Fiduciary Net Position</i>			
Contributions - township and state aid	1,069,622	1,125,538	1,515,976
Contributions-employee	357,305	367,743	394,308
Net investment income (loss)	1,163,102	(271,486)	1,750,732
Benefit payments	(697,458)	(752,903)	(1,007,436)
Administrative expense	<u>(33,907)</u>	<u>(32,046)</u>	<u>(31,094)</u>
Net change in fiduciary net position	1,858,664	436,846	2,622,486
Plan fiduciary net position - beginning	<u>20,969,379</u>	<u>22,828,043</u>	<u>23,264,889</u>
Plan fiduciary net position - ending	<u>22,828,043</u>	<u>23,264,889</u>	<u>25,887,375</u>
Upper Darby Township net pension liability	<u><u>\$ 7,864,304</u></u>	<u><u>\$ 9,214,614</u></u>	<u><u>\$ 8,504,158</u></u>
Plan fiduciary net position as a percentage of total pension liability	74.38%	71.63%	75.27%
Covered employee payroll	\$ 5,863,744	\$ 6,142,272	\$ 6,434,030

SCHEDULE OF INVESTMENT RETURNS

	2014	2015	2016
Annual money-weighted rate of return net of investment expense	5.57%	-1.19%	7.56%

REQUIRED SUPPLEMENTARY INFORMATION

THE TOWNSHIP OF UPPER DARBY

SCHEDULE OF EMPLOYER AND COMMONWEALTH OF PENNSYLVANIA CONTRIBUTIONS

DECEMBER 31, 2016

Actuarially determined contributions are determined in accordance with Pennsylvania Act 205. Assumptions used for contribution requirements match those used for GASB purposes.

POLICE:

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
2007	\$2,781,834	\$2,781,834	\$ -	\$9,298,453	29.92%
2008	\$3,451,236	\$3,451,236	\$ -	\$10,315,914	33.46%
2009	\$3,720,809	\$3,720,809	\$ -	\$11,374,290	32.71%
2010	\$3,746,842	\$3,746,842	\$ -	\$11,852,118	31.61%
2011	\$4,731,466	\$4,731,466	\$ -	\$11,847,920	39.93%
2012	\$4,414,043	\$4,414,043	\$ -	\$11,783,712	37.46%
2013	\$4,949,013	\$4,949,013	\$ -	\$12,171,676	40.66%
2014	\$4,843,478	\$4,843,478	\$ -	\$12,930,104	37.46%
2015	\$5,012,337	\$5,012,337	\$ -	\$13,841,548	36.21%
2016	\$4,538,737	\$4,538,737	\$ -	\$14,304,153	31.73%

FIRE:

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
2007	\$ 614,228	\$ 614,228	\$ -	\$4,516,283	13.60%
2008	\$ 712,761	\$ 712,761	\$ -	not available	N/A
2009	\$ 760,335	\$ 760,335	\$ -	\$4,082,200	18.63%
2010	\$ 779,085	\$ 779,085	\$ -	not available	N/A
2011	\$ 898,564	\$ 898,564	\$ -	\$4,458,017	20.16%
2012	\$ 817,982	\$ 817,982	\$ -	not available	N/A
2013	\$ 1,025,025	\$ 1,025,025	\$ -	\$5,119,335	20.02%
2014	\$ 1,069,622	\$ 1,069,622	\$ -	\$5,863,744	18.24%
2015	\$ 1,125,538	\$ 1,125,538	\$ -	\$6,142,272	18.32%
2016	\$ 1,515,976	\$ 1,515,976	\$ -	\$6,434,030	23.56%

REQUIRED SUPPLEMENTARY INFORMATION

THE TOWNSHIP OF UPPER DARBY

SCHEDULE OF EMPLOYER AND COMMONWEALTH OF PENNSYLVANIA CONTRIBUTIONS

DECEMBER 31, 2015

MUNICIPAL:

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
2007	\$ 117,534	\$ 117,534	\$ -	\$ 9,228,587	1.27%
2008	\$ 273,359	\$ 273,359	\$ -	\$ 9,827,202	2.78%
2009	\$ 327,956	\$ 327,956	\$ -	\$ 10,405,119	3.15%
2010	\$ 374,296	\$ 374,296	\$ -	\$ 10,405,119	3.60%
2011	\$ 822,055	\$ 822,055	\$ -	\$ 10,654,302	7.72%
2012	\$ 728,889	\$ 728,889	\$ -	\$ 10,278,604	7.09%
2013	\$ 869,754	\$ 869,754	\$ -	\$ 10,052,549	8.65%
2014	\$ 896,788	\$ 896,788	\$ -	\$ 10,551,801	8.50%
2015	\$ 873,334	\$ 873,334	\$ -	\$ 11,142,155	7.84%
2016	\$ 907,281	\$ 907,281	\$ -	\$ 11,658,330	7.78%

SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF UPPER DARBY
SUPPLEMENTAL INFORMATION
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	SEWER RENTAL SINKING FUND	PECO GREEN REGION FUND	COMMUNITY DEVELOPMENT GRANTS	UPPER DARBY FOOTBALL BOWL	TOTAL
ASSETS					
Cash	\$ 17,537	\$ 10,000	\$ -	\$ 3,992	\$ 31,529
Assessments receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	70,581	-	-	-	70,581
Grant receivable	-	-	112,669	-	112,669
Due from Commonwealth	-	-	-	-	-
TOTAL ASSETS	\$ 88,118	\$ 10,000	\$ 112,669	\$ 3,992	\$ 214,779
Liabilities					
Due to Sewer fund	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Highway fund	-	-	-	-	-
Due to Local Weed and Seed	-	-	-	-	-
Due to Debt Service fund	88,118	-	-	-	88,118
Accounts payable	-	-	-	-	-
Due to other entities	-	-	-	-	-
Due to general fund	-	-	108,129	-	108,129
Due to Commonwealth	-	-	-	-	-
Unearned revenue	-	10,000	4,540	-	14,540
Total liabilities	88,118	10,000	112,669	-	210,787
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	3,992	3,992
Total fund balance	-	-	-	3,992	3,992
TOTAL LIABILITIES AND FUND BALANCE	\$ 88,118	\$ 10,000	\$ 112,669	\$ 3,992	\$ 214,779

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	SEWER RENTAL SINKING FUND	PECO GREEN REGION FUND	COMMUNITY DEVELOPMENT GRANTS	UPPER DARBY FOOTBALL BOWL	TOTAL
REVENUES					
Other grants and donations	\$ -	\$ -	\$ 65,126	\$ -	\$ 65,126
Federal grant	-	-	366,821	-	366,821
Investment earnings	-	-	-	-	-
State grant	-	-	-	-	-
Total revenues	-	-	431,947	-	431,947
EXPENDITURES					
Governmental expenditures	-	-	-	-	-
Public safety	-	-	100,821	-	100,821
Community development	-	-	331,126	-	331,126
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Highways and streets and sewers	-	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Departmental	-	-	-	-	-
Total expenditures	-	-	431,947	-	431,947
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES AND (USES) OF FUNDS					
Operating transfer	-	-	-	-	-
Total other financing sources (uses) of funds	-	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	3,992	3,992
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ 3,992	\$ 3,992

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

BALANCE SHEET
GENERAL FUND

DECEMBER 31, 2016

ASSETS

Cash and cash equivalents		\$ 9,480,531
Real estate taxes receivable		
Real estate taxes - current	\$ 2,413,828	
Less: Allowance for uncollectible accounts	(724,148)	
	<u>1,689,680</u>	
Real estate taxes - prior	1,867,106	
Less: Allowance for uncollectible accounts	(560,132)	
	<u>1,306,974</u>	
Total real estate taxes receivable		2,996,654
Other accounts receivable		2,734,988
Prepaid insurance		17,829
Due from other funds		143,559
TOTAL ASSETS		<u>15,373,561</u>
Deferred outflows of resources		-
Total assets and deferred outflows of resources		<u>\$ 15,373,561</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 572,250
Due to other funds	1,540,827
Due to other entities	21,948
Accrued payroll and related liabilities	979,715
Escrow liability	355,250
Unearned revenue	10,780
Total liabilities	<u>3,480,770</u>

Deferred inflows of resources

Unavailable taxes and trash fees	4,082,886
Total liabilities and deferred inflows of resources	<u>7,563,656</u>

Fund Balance

Nonspendable	17,829
Restricted	-
Committed for:	
Debt service	-
Capital projects	-
Assigned to 2017 appropriation	2,024,379
Unassigned	5,767,697
Total fund balance	<u>7,809,905</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,373,561</u>

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES

Taxes - Real Estate (net) \$ 49,751,958

Local Enabling Act Taxes

Mercantile tax	1,497,517
Business privilege tax	539,143
Local service tax	713,944
Mechanical devices and amusement admission taxes	25,900
	<u>2,776,504</u>

Licenses and Permits

Beverage (liquor license)	24,950
Health, plumbing, and housing	1,175,884
Streets	70,386
Licenses and inspection	473,401
Cable television	1,476,029
	<u>3,220,650</u>

Fines - Forfeits Costs

Upper Darby central courts	251,074
Police fines, violation, parking meter fines and drug forfeiture	321,036
	<u>572,110</u>

Rents

Rent of building and parking lots	223,643
	<u>223,643</u>

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

Grants and Gifts

Delaware County Office of Services for the Aging (COSA)	328,983
Federal grant	1,468,937
State and miscellaneous grants	229,361
County highway aid	91,168
Public utility realty tax act	62,187
	<u>2,180,636</u>

Departmental Earnings

Garbage, refuse charges and recycling	4,754,655
Parking meters	632,271
Miscellaneous police	50,929
Other departmental revenue and miscellaneous revenue	718,867
HUD program income / loan recapture	67,798
	<u>6,224,520</u>
Total revenues	<u>64,950,021</u>

OTHER REVENUE

Interest income	96,317
Miscellaneous refunds and reimbursements	699,628
Municipal pension plans	2,550,494
Volunteer fire allocation	261,537
Sewer fund transfer	845,294
Total other revenue	<u>4,453,270</u>

TOTAL REVENUES

69,403,291

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

GOVERNMENTAL EXPENDITURES

GENERAL GOVERNMENT

Administration

Salaries	1,165,098
Materials and supplies	21,558
General expenses	222,312
Emergency management	9,498
Maintenance and repairs and computer	10,481
Court fees solicitor	276,345
HUD transfer	(3,849)
	<u>1,701,443</u>

Treasurer

Salaries	7,529
	<u>7,529</u>

Municipal Buildings

Salaries	1,005,071
Materials and supplies - general	46,690
Utility cost	92,109
Postage expense	77,472
Maintenance and repairs, computer administration	97,041
Drug alcohol testing	6,599
General expenses	292,874
HUD transfer	(55,113)
	<u>1,562,743</u>

Total general government	<u>3,271,715</u>
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THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

PROTECTION TO PERSONS AND PROPERTY

Police Protection

Salaries	15,481,961
Materials, supplies and general expenses	201,624
Utilities	48,093
Vehicle operation and new vehicles	13,869
Insurance, social security tax	7,326,228
Communication expense	36,255
Maintenance and repairs and equipment	147,011
Police training and civil service	88,488
Drug forfeiture expense	3,000
Computer maintenance and consulting	167,785
Pension plan contribution	4,538,737
HUD transfer	(33,326)
	<u>28,019,725</u>

Fire

Salaries	6,512,979
Materials, supplies, and general expenses	172,840
Utilities and hydrants	195,038
Communication expense	13,148
Insurance, social security tax and workers' compensation	2,398,515
Contribution volunteer fire companies	675,000
Pension contribution	1,515,976
	<u>11,483,496</u>

Building Regulation Planning and Zoning

Salaries	742,930
Materials and supplies	6,914
General expenses	29,964
HUD transfer	(32,863)
	<u>746,945</u>

Total protection to persons and property	<u>40,250,166</u>
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THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

HEALTH AND SANITATION

General Health Services

Salaries	402,641
Materials and supplies	6,740
Communication expense	6,570
General expenses	50,383
	<u>466,334</u>

Sanitation Collection and Disposal

Salaries	2,906,472
Materials and supplies	8,101
Landfill fees	1,117,787
General expenses and recycling	160,664
Lien fees	229,782
Communication expense	28,318
	<u>4,451,124</u>

Total health and sanitation	<u>4,917,458</u>
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THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL SERVICES, STREET LIGHTS AND HIGHWAY

Electrical Department

Salaries	389,158
Materials and supplies	13,615
General expenses	2,718
Maintenance and repairs, traffic lights and lighting	764,870
HUD transfer	(33,376)
	<u>1,136,985</u>

Department of Public Works

Salaries	366,224
Materials and supplies	62,352
General expenses	35,692
Vehicle operating expense, repairs and parts	1,053,383
Maintenance and equipment and construction repairs	248,567
HUD transfer	(18,357)
	<u>1,747,861</u>

Parking Meter

Salaries	371,931
Materials and supplies	22,857
	<u>394,788</u>

Total general services, street lights and highway	<u>3,279,634</u>
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THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

DEPARTMENT OF LEISURE SERVICES

General Recreation Services

Salaries	878,011
Materials and supplies	88,414
Summer stage royalties	43,416
Professional services	112,893
General expenses	128,829
HUD transfer	(1,275)
	<u>1,250,288</u>

Parks and Playgrounds

Salaries	1,132,221
Materials and supplies	101,881
Maintenance and repairs	102,528
Utilities	108,650
Major equipment replacement and construction	23,775
General expenses	49,923
HUD transfer	(40,423)
	<u>1,478,555</u>

Total department of leisure services	<u>2,728,843</u>
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THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

Miscellaneous Expenditures

Social security taxes	688,913
Volunteer fire allocation	261,537
Insurance premiums and workers' compensation claims	10,022,617
Grants and program activity, HUD, COSA and County Aid	2,063,059
Municipal pension contribution	907,281
Refunds, contingencies and miscellaneous	91,700
Library contribution	<u>1,285,494</u>

Total miscellaneous expenditures	<u>15,320,601</u>
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TOTAL EXPENDITURES	<u>69,768,417</u>
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EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(365,126)
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OTHER FINANCING SOURCES (USES) OF FUNDS	<u>-</u>
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DEFICIT OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	(365,126)
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FUND BALANCE - BEGINNING	<u>8,175,031</u>
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FUND BALANCE - ENDING	<u><u>\$ 7,809,905</u></u>
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THE TOWNSHIP OF UPPER DARBY

STATEMENT OF SEWER ASSESSMENTS
SEWER RENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

Current Assessments

Original bills	\$ 7,553,143
Less: Collections face	<u>6,194,555</u>

**BALANCE 2016 SEWER FUND ASSESSMENTS
RECEIVABLE AT DECEMBER 31, 2016**

\$ 1,358,588

Delinquent and Liened Assessments

Beginning balance	\$ 3,321,347
Add: 2015 assessments unpaid at January 1, 2016	<u>1,449,655</u>

Less: Collections face - net adjustment 1,531,679

BALANCE PRIOR YEARS AT DECEMBER 31, 2016

\$ 3,239,323

THE TOWNSHIP OF UPPER DARBY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND BUDGET COMPARISON
DEPARTMENT OF LEISURE SERVICES
COSA FUND**

FOR THE YEAR ENDED JUNE 30, 2016

	<u>SENIOR CENTER</u>		<u>USDA</u>	<u>TOTAL</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>PROGRAM</u>	<u>BUDGET</u>	<u>ACTUAL</u>
			<u>ACTUAL</u>		
REVENUES					
Delaware County Office Services for the Aging (COSA)	\$ 323,373	\$ 328,021	\$ -	\$ 323,373	\$ 328,021
Nutrition Services Incentive	-	-	3,370	-	3,370
Township of Upper Darby and program income	295,237	181,462	-	295,237	181,462
Total revenues	<u>618,610</u>	<u>509,483</u>	<u>3,370</u>	<u>618,610</u>	<u>512,853</u>
EXPENDITURES					
Personnel	343,035	247,660	-	343,035	247,660
Fringe	77,575	79,680	-	77,575	79,680
Occupancy**	129,000	139,979	-	129,000	139,979
Communications	23,500	-	-	23,500	-
Transportation	-	-	-	-	-
Contract services	44,000	42,164	-	44,000	42,164
Other expenses	1,500	-	-	1,500	-
Deli meals	-	-	3,370	-	3,370
Total expenditures	<u>618,610</u>	<u>509,483</u>	<u>3,370</u>	<u>618,610</u>	<u>512,853</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Note: Senior Center Activities generate program income reducing overall cost to Township of Upper Darby; however, certain General Fund costs relative to the operations of the respective Senior Center are similarly not able to be specifically computed or directly allocated to the COSA supported program.

** Occupancy includes imputed rent and utilities from Township estimates.

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2012 - CDBG NO. B-12-MC-42-0015

STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD OCTOBER 1, 2012 THROUGH DECEMBER 31, 2016

	<u>GRANT AMOUNT</u>
Total program year 2012 funds	\$1,362,348
Emergency shelter funds	<u>153,808</u>
	1,516,156
Less: Total program year 2012 funds drawdown by recipient	<u>1,516,156</u>
	-
Program funds still available to program year 2012	-
Program income applicable to program year 2012	<u>113,181</u>
	-
Program year 2012 funds received	1,629,337
Total funds applied to prior year:	<u>\$ 1,629,337</u>
	<u>1,629,337</u>
Total program year 2012 funds held by recipient	<u>\$ -</u>
Total program year 2012 funds available for disposition	<u>\$ -</u>

THE TOWNSHIP OF UPPER DARBY
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS-CDBG NO. B-12-MC-42-0015
PROGRAM YEAR 2012 - PROGRAM YEAR PERIOD OCTOBER 1, 2012 TO SEPTEMBER 30, 2013
STATEMENT OF PROGRAM COSTS
FOR THE PERIOD: OCTOBER 1, 2012 THROUGH DECEMBER 31, 2016

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES PERIOD ENDED 12/31/16	EXPENDITURES CUMULATIVE 12/31/16	QUESTIONED COSTS 12/31/16
1. Fair housing outreach	\$ 5,000	\$ -	\$ 5,000	\$ -
2. Progressive team patrol	204,352	-	204,351	-
3. Street resurfacing*	192,281	-	192,281	-
4. Code enforcement low/mod	238,570	-	238,570	-
5. OOHR emergency	75,000	-	75,000	-
6. Domestic abuse ESG	40,237	-	40,237	-
7. First time homebuyers	150,000	-	150,000	-
8. Bond Avenue Stormwater Pump Station*	-	-	-	-
9. Cobbs Creek Housing ESG	46,000	-	46,000	-
10. Replacement of various street signs*	5,644	-	5,644	-
11. Abbey Terrace Storm Sewer installation	-	-	-	-
12. Backflow protection program	-	-	-	-
13. Capital improvement Cobbs Creek Housing	5,000	-	5,000	-
14. Firehouse 7241 WestChester Pike*	39,151	-	39,151	-
15. Cardington Stonehurst Firehouse	30,743	-	30,743	-
16. Homeless Prevention*	52,568	-	52,568	-
17. Rapid Rehousing	11,000	-	11,000	-
18. Data Collection*	-	-	-	-
19. Long Lane Beautification*	59,955	585	59,956	-
20. Reconstruction Cardington Soccer Field*	13,162	-	13,162	-
21. Cobbs Creedk Interceptor sewer	339,878	-	339,878	-
Rehabilitation loans/grants				
Neighborhood improvement HICCP	735,000	-	735,000	-
Administrative	177,996	-	177,996	-
Subtotal	2,421,537	585	2,421,537	-
Contingencies and/or local option activities	-	-	-	-
TOTAL	\$ 2,421,537	\$ 585	\$ 2,421,537	\$ -

* Rebudget during fiscal year

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2013 - CDBG NO. B-13-MC-42-0015

STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD OCTOBER 1, 2013 THROUGH DECEMBER 31, 2016

		<u>GRANT AMOUNT</u>
Total program year 2013 funds		\$1,362,348
Emergency shelter funds		<u>153,808</u>
		1,516,156
Less: Total program year 2013 funds drawdown by recipient		<u>1,516,156</u>
		-
Program funds still available to program year 2013		-
Program income applicable to program year 2013		<u>105,616</u>
		-
Program year 2013 funds received		1,621,772
Total funds applied to prior year:	\$ 216,806	
	2012 287,694	
	2013 337,365	
	2014 <u>779,907</u>	1,621,772
Total program year 2013 funds held by recipient		<u>\$ -</u>
Total program year 2013 funds available for disposition		<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS-CDBG NO. B-13-MC-42-0015
PROGRAM YEAR 2013 - PROGRAM YEAR PERIOD OCTOBER 1, 2013 TO SEPTEMBER 30, 2015
STATEMENT OF PROGRAM COSTS
FOR THE PERIOD: OCTOBER 1, 2013 THROUGH DECEMBER 31, 2016

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES PERIOD ENDED 12/31/16	EXPENDITURES CUMULATIVE 12/31/16	QUESTIONED COSTS 12/31/16
1. Fair housing outreach	\$ 5,000	\$ -	\$ 5,000	\$ -
2. Progressive team patrol	216,949	-	216,949	-
3. Street resurfacing	1,000	-	-	-
4. Code enforcement low/mod	100,000	-	100,000	-
5. OOHR emergency	125,000	-	125,000	-
6.. First time homebuyers	50,000	-	50,000	-
7. Renovations to Firehouse Westchester Pike*	-	-	-	-
8. Renovations to Cardington Stonehurst Firehouse*	24,630	-	24,630	-
9. Replacement of various street signs*	11,333	11,333	11,333	-
10. Code enforcement slum/blight *	16,974	-	16,974	-
11. Pavement reconstruction 69th St., Marshall, Walnut	-	-	-	-
12. 69th Street Pedestrian Crosswalk and Bus Lane Reconstruction	-	-	-	-
13. Police Station Lighting Upgrades	28,727	-	28,727	-
14. Capital Improvements CAA Shelter*	49,944	22,660	49,944	-
15. Sellers Halls Renovations*	-	-	-	-
16. Comprehensive Plan *	120,000	3,224	110,057	-
17. Accessibility Upgrade	29,984	-	29,884	-
Rehabilitation loans/grants				
Neighborhood improvement HICCP	200,000	8	201,079	-
Administrative	100,000	-	100,000	-
Subtotal	1,079,541	37,225	1,069,577	-
Contingencies and/or local option activities*	-	-	-	-
TOTAL	\$ 1,079,541	\$ 37,225	\$ 1,069,577	\$ -

* Rebudget during fiscal year

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2014 - CDBG NO. B-14-MC-42-0015

FOR THE PERIOD OCTOBER 1, 2014 THROUGH DECEMBER 31, 2016

		<u>GRANT AMOUNT</u>
Total program year 2014 funds		\$1,446,286
Less: Total program year 2014 funds drawdown by recipient		<u>1,446,286</u>
		-
Program funds still available to program year 2014		-
Program income applicable to program year 2014		<u>67,799</u>
		-
Program year 2014 funds received		1,514,085
Total funds applied to prior year	\$ 746,685	
	2012 585	
	2013 37,218	
	2014 481,678	
	2015 <u>247,919</u>	<u>1,514,085</u>
Total program year 2014 funds held by recipient		<u>\$ -</u>
Total program year 2014 funds available for disposition		<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS-CDBG NO. B-13-MC-42-0015
PROGRAM YEAR 2014 - PROGRAM YEAR PERIOD OCTOBER 1, 2014 TO SEPTEMBER 30, 2015
STATEMENT OF PROGRAM COSTS
FOR THE PERIOD: OCTOBER 1, 2014 THROUGH DECEMBER 31, 2016

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES PERIOD ENDED 12/31/16	EXPENDITURES CUMULATIVE 12/31/16	QUESTIONED COSTS 12/31/16
1. Fair housing outreach*	\$ 1,871	\$ -	\$ 1,871	\$ -
2. Progressive team patrol	216,943	-	216,943	-
3. Street resurfacing*	311,731	73,302	311,731	-
4. Code enforcement low/mod*	99,994	-	99,994	-
5. OOH emergency*	84,354	28,365	84,354	-
6.. First time homebuyers*	80,290	-	80,290	-
7. Cobbs Creek Interceptor Sewer Cast Pipe*	327,134	-	327,134	-
8. Construction of Salt Bin 6810 Montgomery*	61,441	61,441	61,441	-
9. Update Intersection Pedestrian Signals/LED*	200,000	132,340	200,000	-
10. Code enforcement slum/blight *	8,024	5,239	8,024	-
11. Façade Marquee Improvement 7000 Terminal*	14,672	7,172	14,672	-
12. Reconstruction retaining wall at Watkins Ave*	-	-	-	-
13. Drainage improvements 6800 Montgomery Ave*	35,000	2,316	2,316	-
Rehabilitation loans/grants				
Neighborhood improvement HICCP***	453,526	171,503	448,816	-
Administrative*	112,666	-	112,666	-
Subtotal	2,007,646	481,678	1,970,252	-
Contingencies and/or local option activities*	541,916	-	-	-
TOTAL	\$ 2,549,562	\$ 481,678	\$ 1,970,252	\$ -

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2015 - CDBG NO. B-14-MC-42-0015

STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD OCTOBER 1, 2015 THROUGH DECEMBER 31, 2016

		<u>GRANT AMOUNT</u>
Total program year 2015 funds		\$1,424,124
Less: Total program year 2015 funds drawdown by recipient		<u>769,347</u>
		-
Program funds still available to program year 2015		654,777
Program income applicable to program year 2015		<u>-</u>
		-
Program year 2015 funds received		769,347
Total funds applied:		
	2015 \$ 653,794	
	2016 <u>115,553</u>	<u>769,347</u>
Total program year 2015 funds held by recipient		<u>\$ -</u>
Total program year 2015 funds available for disposition		<u>\$ -</u>

SUPPLEMENTAL INFORMATION

**THE TOWNSHIP OF UPPER DARBY
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS-CDBG NO. B-13-MC-42-0015
PROGRAM YEAR 2016 - PROGRAM YEAR PERIOD OCTOBER 1, 2016 TO SEPTEMBER 30, 2017
STATEMENT OF PROGRAM COSTS
FOR THE PERIOD: OCTOBER 1, 2016 THROUGH DECEMBER 31, 2016**

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES PERIOD ENDED 12/31/16	EXPENDITURES CUMULATIVE 12/31/16	QUESTIONED COSTS 12/31/16
1. Fair housing outreach	\$ 5,000	\$ -	\$ -	\$ -
2. Long Lane beautification	50,000	-	-	-
3. Street resurfacing	200,000	-	-	-
4. Code enforcement low/mod	100,000	27,453	27,453	-
5. OOHR emergency	100,000	-	-	-
6.. First time homebuyers	100,000	1,257	1,257	-
7. LED retrofit for Watkins	23,000	34,730	34,730	-
8.Public services CAADC	40,000	-	-	-
9. Shared rides for seniors	4,000	-	-	-
10.Reconstruction of parking lot 6810 Montgomery	55,000	8,750	8,750	-
11.Public services CAADC	40,000	-	-	-
Rehabilitation loans/grants	-	-	-	-
Neighborhood improvement HICCP	500,000	-	-	-
Administrative	120,000	43,363	43,363	-
Subtotal	1,337,000	115,553	115,553	-
Contingencies and/or local option activities	226,389	-	-	-
TOTAL	\$ 1,563,389	\$ 115,553	\$ 115,553	\$ -

THE TOWNSHIP OF UPPER DARBY

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2015 - CDBG NO. B-14-MC-42-0015

STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD OCTOBER 1, 2016 THROUGH DECEMBER 31, 2016

	<u>GRANT AMOUNT</u>
Total program year 2016 funds	\$1,419,229
Less: Total program year 2015 funds drawdown by recipient	<u>-</u>
Program funds still available to program year 2015	1,419,229
Program income applicable to program year 2015	<u>-</u>
Program year 2015 funds received	-
Total funds applied:	<u>\$ -</u>
Total program year 2015 funds held by recipient	<u>\$ -</u>
Total program year 2015 funds available for disposition	<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS-CDBG NO. B-13-MC-42-0015
PROGRAM YEAR 2015 - PROGRAM YEAR PERIOD OCTOBER 1, 2015 TO SEPTEMBER 30, 2016
STATEMENT OF PROGRAM COSTS
FOR THE PERIOD: OCTOBER 1, 2015 THROUGH DECEMBER 31, 2016

PROGRAM ACTIVITY AND RELATED PROJECTS	AUTHORIZED COSTS	EXPENDITURES PERIOD ENDED 12/31/16	EXPENDITURES CUMULATIVE 12/31/16	QUESTIONED COSTS 12/31/16
1. Fair housing outreach*	\$ 8,129	\$ 4,314	\$ 4,314	\$ -
2. Progressive team patrol	213,618	33,326	213,618	-
3. Street resurfacing	201,251	201,251	201,251	-
4. Code enforcement low/mod*	100,006	82,079	96,820	-
5. OOH emergency	75,000	73,016	73,016	-
6.. First time homebuyers*	161,306	161,306	161,306	-
7. Cobbs Creek Interceptor Sewer Cast Pipe*	296,975	17,157	17,157	-
8. 69th Street Pedestrian Crosswalk and Bus Lane Reconstruction*	3,025	3,025	3,025	-
9. New LED street lights*	105,529	44,808	44,808	-
10. PAL LED lights	4,469	4,469	4,469	-
Rehabilitation loans/grants				
Neighborhood improvement HICCP	250,000	149,754	149,754	-
Administrative	127,207	127,207	127,207	-
Subtotal	1,546,515	901,712	1,096,745	-
Contingencies and/or local option activities	40,503	-	-	-
TOTAL	\$ 1,587,018	\$ 901,712	\$ 1,096,745	\$ -