

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENT

Year Ended December 31, 2019

INTRODUCTORY SECTION

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	4
Management's Discussion and Analysis (Unaudited)	7
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	15
Statement of Activities	16
<i>Fund Financial Statements</i>	
<i>Governmental Funds</i>	
Balance Sheet	17
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
<i>Fiduciary Funds</i>	
Statement of Net Position	21
Statement of Changes in Net Position	22
Notes to Financial Statements	23

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 TABLE OF CONTENTS
 YEAR ENDED DECEMBER 31, 2019

	Page
Required Supplementary Information	
<i>Budgetary Comparison Schedules</i>	
Budgetary Comparison Schedule - General Fund	70
Budgetary Comparison Schedule - Sewer Rental Fund	71
Budgetary Comparison Schedule - Highway Aid Fund	72
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	73
<i>Police Pension Plan</i>	
Schedule of Changes in Net Pension Liability and Related Ratios	74
Schedule of Employer Contributions	75
Schedule of Investment Returns	76
Notes to the Required Supplementary Information - Police Pension Plan	77
<i>Municipal Employees Pension Plan</i>	
Schedule of Changes in Net Pension Liability and Related Ratios	78
Schedules of Pension Contributions Municipal Employees' Pension Plan	79
Schedules of Pension Plan Investment Returns - Municipal Employees' Pension Plan	80
Notes to the Required Supplementary Information - Municipal Employees' Pension Plan	81
<i>Firefighters' Pension Plan</i>	
Schedules of Changes in Net Pension Liability and Related Ratios	82
Schedules of Pension Contributions - Firefighters' Pension Plan	83
Schedules of Pension Plan Investment Returns - Firefighters' Pension Plan	84
Notes to the Required Supplementary Information - Firefighters' Pension Plan	85

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

Other Postemployment Benefits Plan

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios	86
Notes to the Required Supplementary Information - Other Postemployment Benefit Plan	87

Supplementary Information

Combining Fund Financial Statements and Schedules

Combining Balance Sheet - Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	89
Combining Statement of Net Position - Fiduciary Funds	90
Combining Statement of Changes in Net Position - Fiduciary Funds	91
Budgetary Comparison Schedule - Debt Service Fund	92
Ten Year Summary of Real Estate Taxes	93

FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Township Mayor
and Members of Council
Township of Upper Darby
Delaware County, 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, Delaware County, Pennsylvania (the Township), as of and for the year ended December 31, 2019, 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

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

To the Honorable Township Mayor
and Members of Council
Township of Upper Darby
Delaware County, Pennsylvania

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 as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14, budgetary comparison information on pages 70 through 73, pension plan information on pages 74 through 85 and post-employment benefits other than pension plan information on pages 86 through 87, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Township Mayor
and Members of Council
Township of Upper Darby
Delaware County, Pennsylvania

Other Information

The combining fund statements and schedules on pages 88 through 91, budgetary comparison information for the debt service fund on page 92, and summary of real estate taxes on page 93 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Limerick, Pennsylvania
February 10, 2021

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

The discussion and analysis contained herein of Upper Darby Township's financial performance provides an overview of the Township's financial activities for the fiscal year ending December 31, 2019. This information needs to be read in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net position decreased by \$13,082,128 as a result of this year's operations. Net position for governmental activities decreased from (\$320,312,480) to (\$333,394,608). The large negative net position is driven primarily by significant liabilities related to both pension and other postemployment benefit liabilities.

In 2019, the Townships statement of activities reflected a decrease of \$13,082,128 in net position. In 2018, the Townships statement of activities reflected a decrease of \$21,491,600. The difference, an improvement of \$8,409,472 over the prior year, appears to be largely due to a decrease in other postemployment benefit activity in the current year. See table 2 for more comparative information on 2019 and 2018.

The General Fund reported a positive fund balance of \$6,052,525 this year compared to a fund balance of \$6,960,583 last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include an independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. The management's discussion and analysis (MD&A), prepared by the Township's management, provides a narrative introduction and overview that users of the financial statements need in order to interpret the basic financial statements. The MD&A also provides an analysis of key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *statement of net position* focuses on resources available for future operations. This statement presents a view of the assets the Township owns, the liabilities it owes and the net difference.
- The *statement of activities* focuses on gross and net costs of Township programs and the extent to which programs rely on taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

- *Fund financial statements* focus separately on major Governmental Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are represented in their own columns, and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the Township's Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government, i.e., Employee Pension Funds. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.
- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information consisting of budgetary comparisons of the General Fund and pension plan funding progress is provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds is also provided.

REPORTING THE TOWNSHIP AS A WHOLE

The analysis of the Township as a whole begins with the statement of net position.

Is the Township as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps to answer this question. We divide the Township into two kinds of activities:

- **Governmental Activities:** These are the Township's basic services and are reported in this category. They include general administration, police, public works, code enforcement and parks and recreation. Real estate taxes, fees and charges and grants finance most of these activities.
- **Component Unit:** The Township includes separate legal entities in its report, the Upper Darby Township and Sellers Memorial Free Public Library and the Upper Darby Township Weed and Seed, Inc., Center for Family Safety. Although legally separate, these component units are important because the Township is financially accountable for them. Separate audited financial statements are issued and available for the Library.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The following tables reflect the condensed statements of net position.

Table 1
Condensed Statement of Net Position
December 31, 2019 and 2018

	Governmental Activities		Variance
	12/31/2019	12/31/2018	
ASSETS			
Current and other assets	\$ 25,050,178	\$ 34,639,580	\$ (9,589,402)
Capital assets	32,056,042	29,047,451	3,008,591
TOTAL ASSETS	<u>57,106,220</u>	<u>63,687,031</u>	<u>(6,580,811)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension and OPEB activity	<u>34,037,504</u>	<u>40,080,143</u>	<u>(6,042,639)</u>
LIABILITIES			
Current and other liabilities	2,987,123	3,875,392	(888,269)
Long-term liabilities	<u>347,920,051</u>	<u>380,003,745</u>	<u>(32,083,694)</u>
TOTAL LIABILITIES	<u>350,907,174</u>	<u>383,879,137</u>	<u>(32,971,963)</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension and OPEB activity	73,626,896	35,108,488	38,518,408
Deferred amount on refunding of debt	<u>4,262</u>	<u>-</u>	<u>4,262</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>73,631,158</u>	<u>35,108,488</u>	<u>38,522,670</u>
NET POSITION			
Net investment in capital assets	18,654,237	23,726,780	(5,072,543)
Restricted	2,056,193	8,655,025	(6,598,832)
Unrestricted	<u>(354,105,038)</u>	<u>(347,602,256)</u>	<u>(6,502,782)</u>
TOTAL NET POSITION	<u>\$ (333,394,608)</u>	<u>\$ (315,220,451)</u>	<u>\$ (18,174,157)</u>

For more detailed information, see the statement of net position on page 15 of the annual financial report.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Statement of Activities

The following tables reflect the revenues and expenses for the current period.

Table 2
Changes in Net Position
Year Ended December 31, 2019 and 2018

	Governmental Activities		Variance
	12/31/2019	12/31/2018	
REVENUES			
Program revenues			
Charges for services	\$ 18,179,591	\$ 17,481,373	\$ 698,218
Operating grants and contributions	5,876,913	7,965,015	(2,088,102)
General revenues			
Taxes	60,171,868	58,794,777	1,377,091
Other	3,656,703	4,598,708	(942,005)
TOTAL REVENUES	<u>87,885,075</u>	<u>88,839,873</u>	<u>(954,798)</u>
EXPENSES			
General administration	15,320,510	14,165,129	1,155,381
Public safety	45,475,714	42,649,757	2,825,957
Sewers	8,093,372	8,411,873	(318,501)
Highways and streets	2,357,046	2,231,467	125,579
Health and sanitation	6,380,634	5,484,548	896,086
Community development	1,514,789	1,737,912	(223,123)
Street lights, electric, parking	3,554,469	4,409,132	(854,663)
Leisure services and parks	3,339,281	3,353,991	(14,710)
Library contributions	1,401,284	1,360,470	40,814
Interest on long-term debt	591,854	650,129	(58,275)
Post employment benefits	12,877,717	25,816,532	(12,938,815)
Non-allocated depreciation	60,533	60,533	-
TOTAL EXPENSES	<u>100,967,203</u>	<u>110,331,473</u>	<u>(9,364,270)</u>
CHANGE IN NET POSITION	(13,082,128)	(21,491,600)	\$ <u>8,409,472</u>
NET POSITION, BEGINNING OF YEAR, restated (2019)	<u>(320,312,480)</u>	<u>(293,728,851)</u>	
NET POSITION, END OF YEAR	\$ <u>(333,394,608)</u>	\$ <u>(315,220,451)</u>	

For more detailed information, see the statement of activities on page 16 of the annual financial report.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary adjustments and supplemental appropriations in 2019 were not material. Transfers and/or adjustments to the budget are made as a result of unanticipated expenditures and/or revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Upper Darby Township's investment in capital assets for its governmental activities as of December 31, 2019, totals \$32,056,042. The Township's investment in capital assets includes automobiles, trucks, infrastructure improvements and equipment.

Figure A-1
Capital Assets (Net of Depreciation, in Thousands of Dollars)

	<u>Governmental Activities</u>
Land	\$ 4,638
Construction in progress	39
Buildings and improvements	3,363
Land improvements	2,501
Machinery and equipment	1,043
Vehicles	4,125
Infrastructure	<u>16,347</u>
TOTAL	<u>\$ 32,056</u>

Property, plant, system infrastructure and equipment of the Township are depreciated using the straight-line method.

Additional information on the Township's capital assets can be found in Notes A and E to the financial statements.

Debt

At year-end 2019, the Township had \$347,519,089 (see Figure A-2) in outstanding debt. The debt service due within one year on general obligation bonds and notes is \$2,059,000. This debt also includes \$42,024,834 in net pension liability and \$285,194,814 in net OPEB liability.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Figure A-2
Outstanding Long-Term Debt

General obligation bonds and notes	\$ <u>16,594,000</u>
Compensated absences	\$ <u>3,705,441</u>
Net pension liabilities	\$ <u>42,024,834</u>
Net OPEB liabilities	\$ <u>285,194,814</u>

ECONOMIC FACTORS IMPACTING FUTURE BUDGETS

In November 2019, Barbarann Keffer was elected Mayor of Upper Darby Township after serving on Council for the previous six years. Mayor Keffer assumed this role in January 2020, and has quickly undertaken a multi-faceted revitalization program for the Township, with specific focus on (1) improved administrative management and internal controls, (2) significant expansion of Township participation in various Grant programs, (3) long-term capital planning, with the issuance of G.O. Bonds to provide funding, (4) an initiative to address the Township's significant unfunded post employment benefits liability, (5) reform of the workers' compensation program and other Township insurances, (6) restructured and modernized fees, and (7) the advent of new initiatives.

As embodied in Upper Darby's new motto, "The World In One Place", Mayor Keffer's program of revitalization, which also includes measures of reform and reinvestment, looks to leverage the Township's diverse and multicultural population as we grow Upper Darby into an economically and culturally vibrant, transit-connected, inner ring suburb of Philadelphia.

Under Mayor Keffer's leadership, her Administration is putting plans and systems in place to significantly grow and diversify municipal revenue streams while overhauling and improving the internal controls that collect and manage those revenues. There are substantial opportunities for growth and reinvestment in Upper Darby, including but not limited to the following:

- (1) The Mayor and her Administration are working to restructure management operations across the Township, update and modernize fee schedules, launch cost control measures, and improve the collections effort concerning monies owed to Upper Darby. The Mayor and her Administration will also develop and implement prudent budgetary expense reforms in order to ensure the availability of sufficient funds, should the Township be faced with unexpected and costly events. To that end, we are reviewing relationships with all of the Township's professional service providers, including our insurance carriers, in search of common sense cost controls and restructure. We undertake these measures with the goal of providing tax relief for property owners and growing our commercial tax base. To guide and measure our success, all such endeavors will feature a metrics/data-driven approach never before utilized in Upper Darby.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

- (2) The Administration will seek additional Grant funding from multiple sources, including both current grantors as well as new ones with whom we have not yet established relationships. The Township will perform a proper accounting for Grant costs and emergency expenditures, with an emphasis on tracking and collecting available funding that has been promised, but not yet delivered. Notably, significant relief funding is available to defray our costs incurred in fighting the COVID-19 pandemic. Unlike in the past, new internal controls and systems will ensure that maximum awarded grant revenue will be drawn down and utilized to enhance the community and offset qualifying budgeted expenses. All Federal, State, County, and private grant opportunities will be explored going forward as the new administration seeks to capitalize on existing strategic assets such as transit connectivity and proximity to the airport and major institutions of higher education etc.
- (3) The Township has many capital improvement projects planned, with the goal of community improvement/beautification in order to grow the Township's tax base and bring new business into the area. These projects include the acquisition of new fire/police/public works vehicles, significant facilities improvements, replacement of outdated information technologies, several sewer projects, additional paving/road improvements, and much more. Unfunded mandates by the federal government regarding stormwater management (which is now the Township's responsibility) are also being addressed. In order to complete these various infrastructure projects, the Mayor and her Administration have developed a five-year Capital Plan, at a total cost of approximately \$30 million, which funds will be raised by the issuance of G.O. Bonds in three successive tranches. These infrastructure benefits will be critical as we seek to attract new business and residents alike. This Capital Plan will fund various projects across the following functional areas:
- | | |
|-----------------------------|-------------|
| a. Public Works: | \$9,965,000 |
| b. Fire: | \$4,350,000 |
| c. Police: | \$4,193,000 |
| d. Administrative Services: | \$4,630,000 |
| e. Information Technology: | \$1,725,000 |
| f. Leisure Services: | \$1,250,000 |
| g. Library: | \$1,185,000 |
| h. Parking Enforcement: | \$500,000 |
| i. Code/L&I/Animal Control: | \$125,000 |
| j. Township Council: | \$100,000 |
- (4) The Township currently has an unfunded post employment benefits liability in excess of \$300 million. We will soon be opening a new bank account with an initial funding of \$525,750, drawn from interest earned on deposited bond funds, to be applied toward this liability. The Mayor and her Administration are developing plans to move a designated percentage of all new revenues to defray this liability, above and beyond the Township's minimum municipal obligation. This is a first of its kind effort to address an inherited long term problem. It underscores the Mayor's commitment to the overall fiscal strength and sustainability of the community.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

- (5) The Township will continue to explore different avenues to limit the rise in expenditures due to contractual wage increases as well as increases in health, property, and workers' compensation insurance. Insurance, as a broad category, accounts for 15-20 percent of Upper Darby's budget. That is why the Mayor has directed her administration to undertake a review and cost comparison aimed at ensuring the best coverages while also saving the municipality significant money. This process is underway and is being replicated with professional service providers across the government.
- (6) The Administration, in 2020, adjusted the parking and food establishment inspection fee schedules to reflect current costs and created a fee-based Fire Safety Inspection Program and an Abatement Schedule that did not previously exist. This was the first time some of these fees had been updated in more than 2 decades. These updates and initiatives represent significant revenues left on the table in the past that will now be collected and used to reinvest in the Upper Darby community.
- (7) The Township is implementing several new initiatives, such as property maintenance inspection/ticketing, commercial fire inspections, fee for service EMS, and the evaluation of all Township real estate (held both as facilities and as investment property). This last program includes the restacking of all Township facilities, the review/restructure of all leases, and hold/sell analyses of all investment properties. The administration has also engaged a well-qualified third party to pursue collections of delinquent business privilege and mercantile taxes as well as improving collections of residents taxes and sewer/trash fees. All new and significant sources of revenue aimed at reinvesting and revitalizing the community.

The Mayor, her Administration, and the Township Council are all dedicated to delivering high quality services for the residents of Upper Darby Township. As referenced above, the Mayor is pursuing multiple avenues to grow Upper Darby's tax base, increase its revenue streams, and pursue prudent cost controls, thereby allowing the Township to augment its service offerings and improve its infrastructure in order to enhance the quality of life for its residents.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, customers and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions 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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary	Component Units	
	Government	UD Township and Sellers Memorial Library	Weed and Seed, Inc. Center for Family Safety
	Governmental Activities		
ASSETS			
Cash and cash equivalents	\$ 13,210,463	\$ 214,428	\$ 40,703
Investments	-	34,969	-
Receivables			
Real estate taxes	3,390,920	-	-
Other	8,235,214	713	-
Due from other entities	-	-	8,310
Prepaid assets	-	31,427	-
Other assets	59,726	-	-
Due from other governmental agencies	153,855	-	-
Capital assets			
Non depreciable capital assets	4,676,746	464,384	-
Depreciable capital assets	27,379,296	706,618	-
TOTAL ASSETS	57,106,220	1,452,539	49,013
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	10,999,542	-	-
Deferred outflows of resources, OPEB activity	23,037,962	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,037,504	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	91,143,724	1,452,539	49,013
LIABILITIES			
Accounts payable and accrued expenses	2,589,874	35,751	-
Other liabilities	388,939	-	-
Due to other entities	8,310	-	-
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	2,059,000	-	-
Portion due or payable after one year			
Bonds and notes payable, non-current	14,935,962	-	-
Compensated absences	3,705,441	70,151	-
Total OPEB liability	285,194,814	-	-
Net pension liability	42,024,834	-	-
TOTAL LIABILITIES	350,907,174	105,902	-
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	16,275,061	-	-
Deferred inflows of resources, OPEB activity	57,351,835	-	-
Deferred amount on refunding	4,262	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	73,631,158	-	-
NET POSITION			
Net investment in capital assets	18,654,237	-	-
Restricted	2,056,193	34,969	-
Unrestricted	(354,105,038)	1,311,668	49,013
TOTAL NET POSITION	\$ (333,394,608)	\$ 1,346,637	\$ 49,013

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General government	\$ 15,320,510	\$ 228,409	\$ -
Public safety	45,475,714	2,832,408	-
Sewer	8,093,372	7,492,074	-
Highway and streets	2,357,046	-	2,072,429
Health and sanitation	6,380,634	6,187,795	163,233
Community development	1,514,789	14,629	3,187,396
Street lights, electric, parking and public works	3,554,469	614,067	-
Leisure services, COSA and parks	3,339,281	810,209	453,855
Library contributions	1,401,284	-	-
Interest of long-term debt	591,854	-	-
Other postemployment benefits	12,877,717	-	-
Non-allocated depreciation	60,533	-	-
TOTAL GOVERNMENTAL ACTIVITIES	100,967,203	18,179,591	5,876,913
COMPONENT UNITS			
UD Township and Sellers Memorial Library	1,761,889	65,931	1,687,464
Weed and Seed Center for Family Safety	30,346	-	63,201
TOTAL BUSINESS-TYPE ACTIVITIES	1,792,235	65,931	1,750,665
	\$ 102,759,438	\$ 18,245,522	\$ 7,627,578

GENERAL REVENUES

Taxes
 Property taxes
 Local enabling taxes
 Cable television franchise fees
 Joint project sewers
 Grants and contributions not restricted to a specific program
 Investment earnings
 Refunds and reimbursements and miscellaneous revenue
 Gain on disposition of capital assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Capital Grants and Contributions	Primary Government	Component Units	
	Governmental Activities	UD Township Sellers Memorial Library	Weed and Seed, Inc. Center for Family Safety
\$ -	\$ (15,092,101)	\$ -	\$ -
-	(42,643,306)	-	-
-	(601,298)	-	-
-	(284,617)	-	-
-	(29,606)	-	-
-	1,687,236	-	-
-	(2,940,402)	-	-
-	(2,075,217)	-	-
-	(1,401,284)	-	-
-	(591,854)	-	-
-	(12,877,717)	-	-
-	(60,533)	-	-
-	(76,910,699)	-	-
-	-	(8,494)	-
-	-	-	32,855
-	-	(8,494)	32,855
\$ -	(76,910,699)	(8,494)	32,855
	57,060,196	-	-
	3,111,672	-	-
	1,360,042	-	-
	1,441,677	-	-
	53,746	-	-
	512,386	1,010	5
	272,890	-	-
	15,962	-	-
	63,828,571	1,010	5
	(13,082,128)	(7,484)	32,860
	(320,312,480)	1,354,121	16,153
	\$ (333,394,608)	\$ 1,346,637	\$ 49,013

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Highway Aid Fund</u>	<u>Capital Project Fund</u>
ASSETS			
Cash and cash equivalents	\$ 7,852,701	\$ 1,390,389	\$ 3,749,740
Receivables			
Real estate taxes	3,237,155	-	-
Sewer assessments	-	-	-
Other	3,462,302	-	-
Due from other funds	744,430	58,507	20,000
Due from other governments	-	-	-
Prepaid items	59,726	-	-
	<u>15,356,314</u>	<u>1,448,896</u>	<u>3,769,740</u>
TOTAL ASSETS	\$ 15,356,314	\$ 1,448,896	\$ 3,769,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 859,898	\$ -	\$ 176,583
Accrued payroll and related costs	979,221	49,841	-
Due to other governments or entities	8,310	-	-
Due to other funds	3,876,387	250,559	-
Escrow	388,939	-	-
Unearned revenue	-	-	-
	<u>6,112,755</u>	<u>300,400</u>	<u>176,583</u>
TOTAL LIABILITIES	6,112,755	300,400	176,583
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes, sewer fees and trash fees	3,191,034	-	-
	<u>3,191,034</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	59,726	-	-
Restricted	-	1,148,496	3,593,157
Assigned	-	-	-
Unassigned	5,992,799	-	-
	<u>6,052,525</u>	<u>1,148,496</u>	<u>3,593,157</u>
TOTAL FUND BALANCES	6,052,525	1,148,496	3,593,157
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,356,314	\$ 1,448,896	\$ 3,769,740

See accompanying notes to the basic financial statements.

<u>Debt Service Fund</u>	<u>Sewer Rental Fund</u>	<u>Sewer Rental Capital Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 32,618	\$ 181,959	\$ 3,056	\$ 13,210,463
153,765	-	-	-	3,390,920
-	4,399,515	-	-	4,399,515
-	-	-	373,397	3,835,699
907,697	2,890,183	-	-	4,620,817
-	127,188	26,667	-	153,855
-	-	-	-	59,726
<u>\$ 1,061,462</u>	<u>\$ 7,449,504</u>	<u>\$ 208,626</u>	<u>\$ 376,453</u>	<u>\$ 29,670,995</u>
\$ -	\$ 466,613	\$ 11,363	\$ -	\$ 1,514,457
-	46,355	-	-	1,075,417
-	-	-	-	8,310
-	-	-	493,871	4,620,817
-	-	-	-	388,939
-	-	-	4,540	4,540
<u>-</u>	<u>512,968</u>	<u>11,363</u>	<u>498,411</u>	<u>7,612,480</u>
<u>153,765</u>	<u>3,910,290</u>	<u>-</u>	<u>-</u>	<u>7,255,089</u>
-	-	-	-	59,726
907,697	-	-	-	5,649,350
-	3,026,246	197,263	3,056	3,226,565
-	-	-	(125,014)	5,867,785
<u>907,697</u>	<u>3,026,246</u>	<u>197,263</u>	<u>(121,958)</u>	<u>14,803,426</u>
<u>\$ 1,061,462</u>	<u>\$ 7,449,504</u>	<u>\$ 208,626</u>	<u>\$ 376,453</u>	<u>\$ 29,670,995</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 14,803,426
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resource and, therefore, are not reported in the funds.	32,056,042
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	7,259,629
Deferred outflows of resources related to the refinancing of debt will not be paid or received in the current period and, therefore, are not reported in the funds.	(4,262)
Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds	(5,275,519)
Deferred outflows and inflows of resources related to OPEB that will not be paid or received in the current period and, therefore, are not reported in the funds	(34,313,873)
Long-term liabilities are not due and payable in the current period and therefore are not reported in as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2019 are as follows:	
Bonds and notes payable, net of bond discounts and premiums	(16,994,962)
Net pension liability	(42,024,834)
Total OPEB liability	(285,194,814)
Compensated absences	(3,705,441)
	<hr/>
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	\$ <u>(333,394,608)</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Highway Aid Fund</u>	<u>Capital Project Fund</u>
REVENUES			
Taxes and assessments			
Property	\$ 53,850,622	\$ -	\$ -
Sewer rentals/penalties and interest	-	-	-
Local enabling act taxes	3,111,672	-	-
Licenses and permits	3,731,954	-	-
Fines	721,814	-	-
Rent	228,409	-	-
Investment earnings	345,623	1,209	158,449
Public utility realty tax	53,746	-	-
Intergovernmental	2,730,719	2,195,106	-
Delaware County Office of Services for the Aging (COSA)	339,603	-	-
Departmental earnings	7,964,038	-	-
Joint projects with other municipalities	-	-	-
Pennsylvania contribution for pension and ad hoc	2,928,925	-	-
Volunteer firemen allocation	194,192	-	-
Other revenue	771,870	-	-
TOTAL REVENUES	<u>76,973,187</u>	<u>2,196,315</u>	<u>158,449</u>
EXPENDITURES			
General government	14,980,356	-	401,058
Public Safety	45,629,129	-	843,899
Sewer	-	-	-
Highways and streets	-	1,705,830	2,441,734
Health and sanitation	6,282,672	-	-
Community development	1,957,529	-	-
Street lights, electric, parking and public works	3,259,716	-	37,361
Leisure services, COSA and parks	3,140,310	-	574,729
Volunteer fire allocation	192,403	-	-
Municipal pension contribution	1,062,470	-	-
Library contribution	1,401,284	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>77,905,869</u>	<u>1,705,830</u>	<u>4,298,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(932,682)</u>	<u>490,485</u>	<u>(4,140,332)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>24,624</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(908,058)	490,485	(4,140,332)
FUND BALANCES AT BEGINNING OF YEAR	<u>6,960,583</u>	<u>658,011</u>	<u>7,733,489</u>
FUND BALANCES AT END OF YEAR	<u>\$ 6,052,525</u>	<u>\$ 1,148,496</u>	<u>\$ 3,593,157</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Fund</u>	<u>Sewer Rental Fund</u>	<u>Sewer Rental Capital Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 2,608,962	\$ -	\$ -	\$ -	\$ 56,459,584
-	7,492,074	-	-	7,492,074
-	-	-	-	3,111,672
-	-	-	-	3,731,954
-	-	-	-	721,814
-	-	-	-	228,409
-	569	6,536	-	512,386
-	-	-	-	53,746
-	-	-	12,829	4,938,654
-	-	-	-	339,603
-	-	-	-	7,964,038
-	1,441,677	-	-	1,441,677
-	-	-	-	2,928,925
-	-	-	-	194,192
-	-	31,352	-	803,222
<u>2,608,962</u>	<u>8,934,320</u>	<u>37,888</u>	<u>12,829</u>	<u>90,921,950</u>
-	-	-	200	15,381,614
-	-	-	45,278	46,518,306
-	8,093,372	391,594	-	8,484,966
-	-	-	-	4,147,564
-	-	-	92,565	6,375,237
-	-	-	-	1,957,529
-	-	-	-	3,297,077
-	-	-	-	3,715,039
-	-	-	-	192,403
-	-	-	-	1,062,470
-	-	-	-	1,401,284
2,006,000	-	-	-	2,006,000
616,801	-	-	-	616,801
<u>2,622,801</u>	<u>8,093,372</u>	<u>391,594</u>	<u>138,043</u>	<u>95,156,290</u>
<u>(13,839)</u>	<u>840,948</u>	<u>(353,706)</u>	<u>(125,214)</u>	<u>(4,234,340)</u>
-	-	-	-	24,624
<u>(13,839)</u>	<u>840,948</u>	<u>(353,706)</u>	<u>(125,214)</u>	<u>(4,209,716)</u>
<u>921,536</u>	<u>2,185,298</u>	<u>550,969</u>	<u>3,256</u>	<u>19,013,142</u>
<u>\$ 907,697</u>	<u>\$ 3,026,246</u>	<u>\$ 197,263</u>	<u>\$ (121,958)</u>	<u>\$ 14,803,426</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (4,209,716)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.</p>	3,017,254
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.</p>	(8,662)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	600,611
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	2,030,947
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p style="padding-left: 20px;">Compensated absences</p>	54,032
<p style="padding-left: 20px;">Net pension expense</p>	(1,738,612)
<p style="padding-left: 20px;">Net OPEB expense</p>	(12,827,982)
	(13,082,128)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (13,082,128)

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Agency Fund Self Insurance Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 6,327,811	\$ 264,179
Investments (at market value)	190,966,525	1,001,589
Interest receivable	120,831	-
Prepaid expense	8,858	-
Contribution receivable	<u>58,708</u>	<u>-</u>
TOTAL ASSETS	<u>197,482,733</u>	<u>1,265,768</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Benefits payable	137,900	-
Escrow	<u>-</u>	<u>1,265,768</u>
TOTAL LIABILITIES	<u>137,900</u>	<u>1,265,768</u>
NET POSITION		
Restricted for pensions	<u>\$ 197,344,833</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employee	\$ 8,165,897
Employer	2,056,303
TOTAL CONTRIBUTIONS	<u>10,222,200</u>
Investment income	
Net appreciation in fair value of investments	29,010,521
Investment earnings	4,575,312
TOTAL INVESTMENT EARNINGS	<u>33,585,833</u>
Less investment expense	(452,825)
NET INVESTMENT EARNINGS	<u>33,133,008</u>
TOTAL ADDITIONS	<u>43,355,208</u>
DEDUCTIONS	
Benefit payments	11,275,796
Administrative expenses	424,587
TOTAL DEDUCTIONS	<u>11,700,383</u>
CHANGE IN NET POSITION	31,654,825
NET POSITION - BEGINNING	<u>165,690,008</u>
NET POSITION - ENDING	<u>\$ 197,344,833</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles and practices followed by the Township of Upper Darby, Delaware County, Pennsylvania (the "Township") are presented below to assist the reader in understanding the financial statements and the accompanying notes. Accounting principles and practices are presented in conformity with generally accepted accounting principles. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

The Township operates under a Home Rule Charter with an elective governing body inclusive of an eleven person Council and an elected Mayor. The financial statements include all funds of the Township. The criteria used in determining whether an agency, board, commission, department, or other organizational entity are included in the financial statements are (1) financial interdependency, (2) selection of governing authority, (3) designation of management, (4) ability to significantly influence operations, (5) accountability for fiscal matters, and (6) scope of service.

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.

As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Upper Darby Township and its discretely presented component units: Upper Darby Township Sellers Memorial Free Public Library, and the Upper Darby Weed and Seed, Inc. 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.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. The Township, however, does not have any proprietary funds (business-type activities). Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and certain other charges between various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least ten percent (10%) of the corresponding total for all funds of that category or type and;

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and proprietary funds combined.

Governmental Funds

The governmental funds of the Township are described as follows:

The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are utilized to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The following funds are accounted for as Special Revenue Funds: Sewer Rental and Highway Aid (major funds), as well as the Community Development Grants and Upper Darby Football Bowl (non-major funds).

Debt Service Funds are utilized to account for the accumulation of funds to be utilized for certain debt service payments.

Capital Projects Funds 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. The following funds are accounted for as capital projects funds: Sewer Rental Capital and Capital Projects funds.

Discretely Presented Component Units

The Upper Darby Township and Sellers Memorial Free Public Library and Upper Darby Township Weed and Seed, Inc., Center for Family Safety, shown in these statements as component units of the Township, are non-profit corporations 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 financial information. Complete financial statements of the Upper Darby Township and Sellers Memorial Free Public Library is available independently of these financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Fund Types

The Township also reports the following fund types:

Pension Trust Funds provide pension benefits upon permanent disability or normal retirement age to municipal employees covered under the plan, as administered by the Township. The Township maintains three pension plans, the Police Pension Plan, the Municipal Employees Pension Plan, and the Firefighters' Pension Plan.

Agency Funds are used for fiduciary assets held by the Township in trust as an agent on behalf of others. The Township's agency funds are used to account for various deposits, performance bonds, and escrow monies. The Township maintains one agency fund, the Self-Insurance Trust fund.

Major Funds

The Township reports the following major governmental funds:

- General
- Sewer Rental
- Highway Aid
- Debt Service
- Sewer Rental Capital
- Capital Projects

Non-Major Funds

The Township reports the following non-major funds:

- Community Development Grants
- Upper Darby Football Bowl

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The governmental-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue susceptible to accrual include real estate taxes, cable television franchise fee, Act 511 taxes, sewer rental revenue, and intergovernmental revenues.

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

Pension Trust Funds

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due in accordance with Pennsylvania Act 205, as amended by Act 189. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to / deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates in the Wall Street Journal.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The pension plan financial statements for the plans administered by the Township and required disclosures under applicable accounting policy guidelines are combined and separately disclosed in the financial statements. Separate plan financial statements have been prepared by pension consultants (unaudited) and are available upon request by Plan participants. These separate financial statements were used as the basis for our statements and adjusted, as necessary.

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal and accounting services, along with other significant administrative costs. The above expenditures are considered allowable pension plan expenditures and are charged to the plans specifically and funded with plan assets.

Post-employment benefits including health care and other benefits during normal employment are not funded by the plans. Accordingly, any reserve or the accounting for these types of costs has not been made to the Plan's financial statements.

Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to / deductions from the OPEB plan's net position have been determined based on actuarially determined amounts. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. See Note M for full disclosures.

Budgetary Data

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described above.

Budgets are legally adopted for the following funds: General, Sewer Rental, Highway Aid, and Debt Service. The budgetary comparison schedules for these funds are reported in accordance with accounting principles generally accepted in the United States of America.

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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting is used in the governmental fund financial statements, and is utilized for budgetary control purposes and accountability. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Excess appropriations lapse at the end of the fiscal year. The Township recognized no outstanding encumbrances at December 31, 2019. Subsequent year appropriations provide the authority to complete committed transactions.

Use of Estimates

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

Cash and Cash Equivalents

The Township considers all highly liquid investments purchased with an original maturity of three months or less cash equivalents.

Investments

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township follows GASB Statement No. 40, Deposit and Investment Risk Disclosures, and bases its fair value accounting and reporting on ASC Section 820, Fair Value Measurements which establishes a framework for measuring fair value and expands disclosure about fair value measurement. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs to the valuation methodology are inputs other than quoted market prices that are observable for the asset or liability;

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Domestic stocks, corporate debt, U.S. government securities, real estate investment trusts and mortgages: Valued at closing price reported on the active markets on which the individual securities are traded.

Registered investment companies: Valued at the net asset value (NAV) of shares held by Plan at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs or methods used to value investments are not necessarily an indication of the risk associated with investing in those securities.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Taxes are levied in February. Property taxes paid on or before March 31 are subject to a discount while payments received after June 1 are subject to a penalty.

Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

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 defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000.

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 capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Category</u>	<u>Useful Life</u>
Land Improvements	10-40 years
Building and building improvements	10-40 years
Infrastructure	15-50 years
Machinery and equipment	3-15 years
Vehicles	3-25 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the various funds upon acquisition. Capital assets for component units are accounted for the same as in the government-wide statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the Township's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. Township's employees earn sick and vacation leave which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Earned vacation for municipal employees is allowed to be carried up to two years in addition to the current year's vacation time. Employees may accumulate unused sick leave to a maximum of 280 days upon retirement to be paid for one-half of the accumulated time.

For all governmental funds, this liability reflects amounts attributable to employee services already rendered, the amount due and payable to currently terminating employees only. Compensated absences for fully vested employees are accrued when incurred in the government-wide financial statements. The Township reports the liability as current or non-current, based on expected termination date.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the respective bonds using a method that approximates the effective interest method. Amortization is included as part of interest expense.

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

Deferred Outflows

The deferred outflow of resources for pension and OPEB are reported in the government-wide statement of net position. The deferred outflows related to pension activity result from changes in assumptions and differences between expected and actual experience. The deferred outflow related to OPEB activity results from changes in assumptions.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from taxes and other receipts.

The deferred inflow for the deferred amount on refunding is reported in the government-wide statement of net position. The deferred amount on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price.

The deferred inflow of resources for pension and OPEB are reported in the government-wide statement of net position. The deferred inflow of resources related to pension activity results from differences between expected and actual experience, changes in assumptions, and the differences between projected and actual earnings on pension plan investments. The deferred inflow of resources related to OPEB activity results from differences between expected and actual experience and changes in assumptions.

Net Position / Fund Balance Classification

Government-Wide Statements

Net Position is 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 any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of balances with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other balances that do not meet the definition of "restricted" or "net investment in capital assets."

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Statements

Governmental fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned as defined by Governmental Accounting Standards Board (GASB) Statement No. 54., *Fund Balance Reporting and Governmental Fund Type Definitions*, (See Note N).

- a. Nonspendable - amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.
- b. Restricted - amounts that have constraints placed on the use of resources either externally such as by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- c. Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of governments highest level of decision making authority, normally the Township Council and the Mayor.
- d. Assigned - amounts constrained by the government's intent, to be used for specific purposes, but are neither restricted nor committed. Intended use is established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.
- e. Unassigned - fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure the Township's deposits may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. The Township 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; no deposits were exposed to custodial credit risk as of December 31, 2019. Pension trust deposits are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

Primary Government

As of December 31, 2019, the carrying amount of the primary government's deposits was \$13,210,463 and the bank balance was \$14,342,639 (\$1,355,737 as restricted cash and cash equivalents), of which \$1,000,000 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$13,342,639 collateralized as noted above pursuant to Act 72.

Deposits in state investment pools are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash deposits totaling \$7,337,193 included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of \$1 per share. As of December 31, 2019, the Township's deposits in the state investment pool were rated AAAM by Standard & Poor's.

Pension Trust Funds

As of December 31, 2019, the carrying amount and bank balance of the Pension Trust Funds deposits was \$6,327,811, of which \$500,000 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$5,827,811 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Agency Fund

As of December 31, 2019, the carrying amount of Self Insurance Trust Fund deposits was \$264,179 and the bank balance was \$279,975, all of which was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Township formal investment policy states that there should be no direct investments in foreign securities, however, the manager may invest in companies with extensive global or U.S. operations which happen to be domiciled or maintain a legal residence outside the United States. The securities of such issuers included in the portfolio will be freely in U.S. markets. Therefore, there will not be a foreign currency risk included in the valuation of the securities of issues held with the portfolio.

Investments

As of December 31, 2019, the Township had the following investments:

	Carrying Amount	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Fiduciary funds					
Certificates of deposit	\$ 1,001,589	\$ 1,001,589	\$ -	\$ -	\$ -
Domestic equity mutual funds	122,963,026	122,963,026	-	-	-
Fixed income mutual funds	19,999,670	19,999,670	-	-	-
U.S. Treasury and federal agency bonds and notes	5,153,512	-	2,573,805	1,488,388	1,091,319
Corporate bonds	4,826,150	115,660	3,211,545	1,461,882	37,063
Domestic stocks	37,089,420	1,727,606	35,361,814	-	-
Private equity funds	934,747	934,747	-	-	-
Total fiduciary funds	\$ <u>191,968,114</u>	\$ <u>146,742,298</u>	\$ <u>41,147,164</u>	\$ <u>2,950,270</u>	\$ <u>1,128,382</u>

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

The Township's investments are all considered to be Level 1 investments with the exception of corporate bonds, private equity funds, and certificates of deposit. Corporate bonds and private equity funds are considered to be Level 2 investments valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Certificates of deposit are valued at amortized cost.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Township's investments by fund consist of the following:

Police Pension Fund	\$ 87,981,314
Municipal Employees' Pension Fund	68,222,488
Firefighters' Pension Fund	34,762,723
Self Insurance Trust Fund	<u>1,001,589</u>
 Total Investments	 <u>\$ 191,968,114</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Township investment policy dictates that the manager will extend maturities at times when a shift to lower interest rates is expected and conversely shorten maturities in periods when higher interest rates are anticipated.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note A. The Township's investment policy does not further limit its investment choices.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the Township's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan has a formal investment policy that addresses concentration of credit risk. This policy states that no more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. This does not apply to issues of the U.S. Treasury or other Federal Agencies.

As of December 31, 2019, the Township did not have more than 5% of the Township's investments in any one single issuer.

Component Units

The Upper Darby Township and Sellers Memorial Free Public Library carrying amount of bank deposits was \$214,428 and the bank balance was \$218,554, of which the entire balance is covered by the FDIC. All investments are in mutual funds with readily determinable fair values, based on quoted prices in active markets. The Library's investment is maintained in a mutual fund. As of December 31, 2019, the carrying value of the investments were \$34,969.

The Upper Darby Township Weed and Seed, Inc., Center for Family Safety carrying amount of bank deposits was \$40,703 and the bank balance was \$43,063, of which the entire balance is covered by the FDIC.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - ACCOUNTS RECEIVABLE

The following is a schedule of the Township's accounts receivables as of December 31, 2019:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sewer Rental Fund</u>	<u>Sewer Rental Capital Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Real estate taxes	\$ 4,624,508	\$ 219,664	\$ -	\$ -	\$ -	\$ 4,844,172
Sewer rental fees	-	-	6,285,022	-	-	6,285,022
Ash and rubbish fees	4,895,727	-	-	-	-	4,895,727
Grants receivable	250,996	-	-	-	373,397	624,393
Cable franchise	325,539	-	-	-	-	325,539
Local service tax	174,387	-	-	-	-	174,387
Other Municipalities	-	-	127,188	26,667	-	153,855
Other	753,089	-	-	-	-	753,089
Less: allowance for doubtful accounts	<u>(4,324,789)</u>	<u>(65,900)</u>	<u>(1,885,507)</u>	<u>-</u>	<u>-</u>	<u>(6,276,196)</u>
	<u>\$ 6,699,457</u>	<u>\$ 153,764</u>	<u>\$ 4,526,703</u>	<u>\$ 26,667</u>	<u>\$ 373,397</u>	<u>\$ 11,779,988</u>

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, 2019. A 2% discount was allowed if payment was made by March 31, 2019. 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 \$20.95 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 28th of the subsequent year.

An allowance for uncollectible accounts has been established at 30 percent of the balance of taxes owned in the total funds (General fund and Sinking fund) in the amount of \$1,387,353 as of December 31, 2019. A reserve has been established, shown on the fund financial statements as deferred inflows, 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 which is consistent with the accrual basis of accounting.

Ash and Rubbish

Ash and rubbish fees receivable for the years 1971 to 2019 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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - ACCOUNTS RECEIVABLE (Continued)

Sewer Rental

Receivables from sewer rental fees include \$1,467,489 outstanding from 2019 and \$4,817,533 outstanding from 2018 and prior years for a total of \$6,285,022 as of December 31, 2019. An allowance for uncollectible accounts has been established at 30 percent of the balance of fees owed as of December 31, 2019, in the amount of \$1,885,507. 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 that current period pursuant with the modified accrual basis of accounting. In addition, at the balance sheet date, Upper Darby Township had receivables in the amount of \$127,188 for from other municipalities for sewer rental charges up to December 31, 2019.

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

NOTE D - INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at December 31, 2019:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 744,430	\$ 3,876,387
Sewer Rental Fund	2,890,183	-
Highway Aid Fund	58,507	250,559
Debt Service Fund	907,697	-
Community Development Funds	-	493,871
Capital Projects Funds	<u>20,000</u>	<u>-</u>
	<u>\$ 4,620,817</u>	<u>\$ 4,620,817</u>

These balances resulted from the time lag between the dates the (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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - CAPITAL ASSETS

The following is a summary of capital asset activity for 2019:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,637,840	\$ -	\$ -	\$ 4,637,840
Construction in progress	-	38,906	-	38,906
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	4,637,840	38,906	-	4,676,746
Capital assets being depreciated				
Buildings and improvements	17,204,941	805,612	-	18,010,553
Land improvements	931,917	1,797,096	-	2,729,013
Machinery and equipment	3,516,697	342,053	-	3,858,750
Vehicles	15,262,628	450,412	(156,169)	15,556,871
Infrastructure	30,639,488	1,746,138	-	32,385,626
TOTAL CAPITAL ASSETS BEING DEPRECIATED	67,555,671	5,141,311	(156,169)	72,540,813
Less accumulated depreciation for				
Buildings and improvements	(14,462,609)	(184,552)	-	(14,647,161)
Land improvements	(51,155)	(176,994)	-	(228,149)
Machinery and equipment	(2,589,168)	(226,753)	-	(2,815,921)
Vehicles	(10,846,290)	(733,419)	147,507	(11,432,202)
Infrastructure	(15,196,838)	(841,246)	-	(16,038,084)
TOTAL ACCUMULATED DEPRECIATION	(43,146,060)	(2,162,964)	147,507	(45,161,517)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 29,047,451	\$ 3,017,253	\$ (8,662)	\$ 32,056,042

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Council	\$ 900
Administration	185,003
Police	306,890
Fire	283,346
Licenses and inspections	10,590
Health	10,544
Sanitation	87,418
Sewer	110,430
Public Works	620,689
Electric	289,523
Parking meter	5,230
Leisure services	73,191
Parks	114,449
COSA	4,228
General	<u>60,533</u>
	<u>\$ 2,162,964</u>

Component Unit

A summary of changes in capital assets of Upper Darby Township and Sellers Memorial Library is as follows:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
COMPONENT UNITS				
Capital assets not being depreciated				
Land and non-depreciable historical site	\$ 464,384	\$ -	\$ -	\$ 464,384
Capital assets being depreciated				
Buildings and improvements	517,185	13,140	-	530,325
Land improvements	174,211	-	-	174,211
Furniture and equipment	589,154	8,129	(148,022)	449,261
Library books and material	1,007,336	95,087	(114,970)	987,453
	<u>2,752,270</u>	<u>116,356</u>	<u>(262,992)</u>	<u>2,605,634</u>
Less accumulated depreciation	<u>(1,571,317)</u>	<u>(117,806)</u>	<u>254,491</u>	<u>(1,434,632)</u>
	<u>\$ 1,180,953</u>	<u>\$ (1,450)</u>	<u>\$ (8,501)</u>	<u>\$ 1,171,002</u>

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE E - CAPITAL ASSETS (Continued)

Collenbrook Farm

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, and 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 included in the Township’s capital assets.

NOTE F - LONG-TERM DEBT

Upper Darby Township currently has three bond and note issues outstanding, maturing between 2020 and 2037, for a total remaining indebtedness of \$16,594,000. Funds to repay bonded indebtedness (aside from that relative to the Sewer related remaining indebtedness) are derived through property taxes at the rate of 0.95 mills and are accounted for through the Sinking Fund. Additional support is provided as needed through General Fund transfers.

The Township’s liability under general obligation bond and notes, supported by its full faith and credit which matures through 2037, is as follows:

<u>Date of Issue</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>
October 25, 2011	General Obligation	2.33%	\$ 1,759,000 (a)
November 21, 2016	General Obligation	4.00%	7,505,000 (b)
March 28, 2017	General Obligation	2.000-4.000%	<u>7,330,000 (c)</u>
			<u>\$ 16,594,000</u>

Additional information on the above borrowings is as follows:

- (a) In 2011 the Township incurred additional debt through General Obligation Note Series of 2009 in the principal amount of \$3,485,000 with a maturity date of December 2020, carrying an interest rate of 2.33%.
- (b) In 2016 General Obligation Bond Series of 2016 was issued in the amount of \$7,515,000, carrying an interest rate of 4% with a maturity date of May 2037.
- (c) In 2017 General Obligation Bond Series of 2017 was issued in the amount of \$7,645,000 carrying variable interest rates ranging from 2 to 4%, maturing in May 2037.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - LONG-TERM DEBT (Continued)

Long-term liability activity is as follows:

	Balance December 31, 2018	Increase	Decrease	Balance December 31, 2019	Amount Due Within One Year
Governmental activities					
General obligation bonds	\$ 3,450,000	\$ -	\$ (1,691,000)	\$ 1,759,000	\$ 1,759,000
General obligation notes	15,150,000	-	(315,000)	14,835,000	300,000
Compensated absences	3,759,473	-	(54,032)	3,705,441	-
Net pension liability	53,702,787	-	(11,677,953)	42,024,834	-
Net OPEB liability	303,511,314	-	(18,316,500)	285,194,814	-
	<u>\$ 379,573,574</u>	<u>\$ -</u>	<u>\$ (32,054,485)</u>	<u>\$ 347,519,089</u>	<u>\$ 2,059,000</u>

The Township's total scheduled annual debt service on the general obligation bonds and notes is as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 2,059,000	\$ 660,192	\$ 2,719,192
2021	1,880,000	522,000	2,402,000
2022	600,000	484,950	1,084,950
2023	620,000	465,100	1,085,100
2024	640,000	443,025	1,083,025
2025-2029	3,620,000	1,808,800	5,428,800
2030-2034	4,425,000	1,012,800	5,437,800
2035-2037	2,750,000	168,000	2,918,000
	<u>\$ 16,594,000</u>	<u>\$ 5,564,867</u>	<u>\$ 22,158,867</u>

NOTE G - OPERATING 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.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE G - OPERATING LEASES (Continued)

A property at 319 Watkins Avenue is leased for a period of five years through 2019, with another five years already approved through 2024, with an annual rent of \$27,600.

The Township leases a property for use by its Leisure Services Department. The lease is a twenty-year lease beginning in 2013 at \$28,048 for the first five years with escalation amounts beginning thereafter.

The Township leases a property at 7260 West Chester Pike for their police vehicles. The lease runs through 2028 at \$33,600 a year.

Further, the Township holds various equipment and copier leases which vary in terms expiring from 2019 through 2023.

For the year ended December 31, 2019, the Township incurred \$102,231 in expenses related to these leases.

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

<u>Year Ending December 31,</u>	
2020	\$ 99,593
2021	99,593
2022	99,690
2023	102,518
2024	99,438
Thereafter	<u>464,437</u>
	<u>\$ 965,269</u>

NOTE H - RISK MANAGEMENT

The Township is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the township carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Health Care Coverage

The Township contracts with a commercial insurance company to provide health care coverage to their employees. These contracts carry various co-pay amounts based on various union contracts or employee agreements and at employee's option, authorized payroll withholding to pay contributions for dependents or increased coverage.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE H - RISK MANAGEMENT (Continued)

Workers' Compensation Coverage

Upper Darby Township maintains self-insurance for Worker'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 the self-insurance fund, the Township maintains cash and certificates of deposit for such purposes.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect on the financial position of the Township.

The Township has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

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

Summary of Significant Accounting Policies – Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township’s Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township of Upper Darby Police Pension Plan is a single-employer defined benefit pension plan covering all members of the police force. The Plan is governed by a Board of Trustees that is responsible for the management of Plan assets. The Board of Trustees is comprised of three trustees, two appointed by the Mayor of the Township with the approval of Township Council and one appointed by the Police Wage Negotiation Committee.

Plan Membership - As of January 1, 2019, the date of the latest available actuarial valuation, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	138
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>125</u>
	<u>265</u>

Benefits Provided – The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal retirement: If hired before January 1, 2001, upon attaining a combination of age and service at least equal to 77.
- If hired on or after January 1, 2001, age 50 and the completion of 25 years of service.
- Members are required to retire when they reach age 60 unless they were employed as of January 1, 2017 and this would cause a failure to receive the full retirement pension.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Vesting: 100% after the completion of 12 years of vesting service, plus 2.5% per annum

Retirement Benefit: For members hired prior to January 1, 2001, each pension shall be equal to 62% of the member's monthly average salary from the Township during the highest 24 consecutive months of the last 60 months of service, minimum pension of \$400 per month.

For members hired on or after January 1, 2001, each pension shall be equal to 50% of the member's average salary from the Township during the final 36 consecutive months of service, minimum pension of \$400 per month. This pension shall be increased as the cost-of-living increases in an amount equal to the percentage increase in Consumer Price Index from the year in which the member last worked, provided that in no case shall the total pension benefit paid exceed 62% of the compensation used for computing the pension of 20% in total cost-of-living increases, whichever is lesser.

Survivor Benefit: If member has met age and service requirements – Spouse will receive \$1,200 per month for life and each surviving child will receive \$800 per month until age 18, or 23 if full-time student; if no spouse or child survives, \$75 per month will be payable to one named beneficiary for a period not to exceed 18 years provided that the beneficiary has an insurable interest under Pennsylvania law.

If member has not met age and service requirements – Surviving spouse will receive 120 payments of the pension the member would have been receiving had the member retired at time of death (or the balance of the 120 payments the member was receiving if the member dies after retiring) and thereafter the surviving spouse will receive 50% of such pension for the remainder of the spouse's lifetime; if no spouse or children survive, the remaining 120 payments will be paid to a named beneficiary, or to the member's estate, if there is no beneficiary.

Disability Benefit Service Related: Non-service-connect – An active member with at least 3 years of service who becomes permanently or temporarily unfit to perform all duties of a police officer on account of a non-service-connected disability is entitled to a person for the duration of the disability, calculated as 50% of his highest 12 months of compensation. Disability payments are offset by any Workers' Compensation payment received.

Service-connect – If the disability is permanent and service-connected, the benefit is 70% of the highest 12 months of compensation (prior to disability), with no offset on account of Workers' Compensation, except that the maximum disability benefit is that amount which, when added to Workers' Compensation, equals 100% of the highest 12 months of compensation the member was receiving in the year the disability occurred. In no event will the benefit be less than 50% compensation offset by any Social Security Disability benefit payable.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Post Retirement Adjustments: Beginning January 1, 2001, the pension benefits of all officers hired on or after that date shall receive an increase to their Normal Retirement Benefit equal to the percentage increase in the Consumer Price Index from the year in which the member last worked, provided, however, that in no case shall the total pension benefit paid exceed 62% of the compensation for computing retirement benefits or 24% of such compensation in total cost-of-living increases, whichever is lesser.

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 6.5% of their compensation to the plan if hired before January 1, 2001, or 5% if hired subsequent to that date. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2019, the MMO obligation for the Police Pension Plan was \$4,975,380, which was contributed by the Township at December 31, 2019.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

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

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

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	70.00%
Fixed Income	27.00%
Cash	3.00%
	<u>100.00%</u>

Concentrations – The Township does not have more than 5% of the Plan’s investments in any one single issuer.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 21.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 109,415,478
Plan fiduciary net position	<u>(90,611,003)</u>
Net pension liability	<u>\$ 18,804,475</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.81%</u>

Actuarial Assumptions - An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan’s fiscal plan year ending December 31, 2019. This report was based upon the Plan’s actuarial assumptions, asset valuation method, and cost method as described below:

Inflation	2.50%
Salary increases	3.5% annual increase
Investment rate of return	7.25%

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Mortality rates were based on the Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2019.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	11.96%
Fixed Income	1.35%
Cash	-0.31%
Total net blended return	4.05%

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the Plan's anticipated investment returns.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2018	\$ 101,693,728	\$ 75,033,352	\$ 26,660,376
Changes for the year			
Service cost	4,069,721	-	4,069,721
Interest	7,321,920	-	7,321,920
Changes in assumption	2,551,487	-	2,551,487
Differences between expected and actual experience	(285,059)		(285,059)
Contributions			
Employer	-	4,975,380	(4,975,380)
Member	-	843,661	(843,661)
Net investment income	-	16,022,504	(16,022,504)
Benefit payments	(5,936,319)	(5,936,319)	-
Administrative expenses	-	(327,575)	327,575
Net changes	<u>7,721,750</u>	<u>15,577,651</u>	<u>(7,855,901)</u>
Balances at December 31, 2019	\$ <u>109,415,478</u>	\$ <u>90,611,003</u>	\$ <u>18,804,475</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.25% as well as what the net pension liability would be if it were calculated using a discount rate is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ <u>32,195,065</u>	\$ <u>18,804,475</u>	\$ <u>7,657,419</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized a pension expense of \$4,489,818 for the Police Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 973,153
Changes in assumptions	2,143,143	3,449,125
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>4,680,813</u>
	\$ <u>2,143,143</u>	\$ <u>9,103,091</u>

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

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

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

<u>Year Ending</u> <u>December 31,</u>	
2020	\$ (2,677,602)
2021	(2,010,091)
2022	(713,767)
2023	(1,722,476)
2024	163,988
Thereafter	-

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)

Non-Uniform Pension Plan

Summary of Significant Accounting Policies - Non-uniform Pension Plan investments are carried at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

Plan Description

Plan Administration - The Upper Darby Township Municipal Employees Pension Plan is a single-employer defined benefit pension plan that covers are full-time, non-uniformed employees of the Township. The Plan is administered by independently of the Township with its own Board of Trustees. The Board is comprised of nine members, six elected by the Plan membership and three members of Upper Darby Township appointed by the Mayor.

Plan Membership - As of January 1, 2019, the date of the latest available actuarial valuation, the Non-Uniformed Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	145
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>209</u>
	<u><u>367</u></u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Benefits Provided – Upper Darby Township Municipal Employees Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated at 2.50 percent of the member's highest 2-year average salary times the member's years of service. Plan members with 5 years of service are eligible to retire at age 60. The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

Normal retirement: Employees are eligible after 5 years of service, age 60. Township officials are eligible to commence receiving their retirement benefits are age 70 ½ years even if they have not retired.

Early Retirement: Employees who leave Township with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

Vesting: 2.5% of member's highest 2-year average salary times the member's years of service.

Retirement Benefit: A month benefit, payable for life, equal to 2.5% (3.5% for management employees vested as of November 25, 2002) of average of the member's compensation over the two years of service producing the largest average, multiplied by the number of years of service up of 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.

Survivor Benefit: Death benefits for a member who dies with 5 years of service prior to retirement may be paid in a lump sum of the present value of the Member's accrued benefit at the time of death.

Disability Benefits: All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a Township employee. Disability retirement benefits are equal to the accrued benefit at time of disability, actuarially reduced and payable immediately.

Contributions – An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs and benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2019 measurement period, the active member contribution rate was 6.0 percent of annual pay.

In 2019, the MMO obligation for the Non-Uniformed Pension Plan was \$1,062,470 which was contributed by the Township to the Plan as of December 2019.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Investments

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

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

<u>Asset Class</u>	<u>Target Allocation</u>
US / International Equity	60.00%
Fixed income	38.00%
Real estate/Alternative	0.00%
Cash	2.00%
	<u>100.00%</u>

Concentrations – If the pension plan held investments (other than those issued or explicitly guaranteed by the U.S government) in any one organization that represents 5 percent or more of the pension plan's fiduciary net position, the pension plan should disclose information required by paragraph 30b(b) of Statement 67.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 84,044,009
Plan fiduciary net position	<u>(70,096,261)</u>
Net pension liability	<u>\$ 13,947,748</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.4%</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation for the 2019 measurement period at January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50-4.75%
Investment rate of return	7.5%

Mortality rates were based on the PUB-2010 Mortality Tables projected forward with MP Scale for Males and Females.

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

The long-term expected rate of return on plan investments was 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	5.4 - 6.4%
International equity	5.5 - 6.5%
Fixed income	1.3 - 3.3%
Real Estate	4.5 - 5.5%
Cash	0.0 - 1.0%

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that Township contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at December 31, 2018	\$ 78,009,720	\$ 60,915,618	\$ 17,094,102
Changes for the year			
Service cost	1,734,361	-	1,734,361
Interest	6,009,012	-	6,009,012
Differences between expected and actual experience	1,473,838	-	-
Changes in assumption	913,344	-	-
Contributions			
Employer	-	13,458	(13,458)
State Aid	-	1,049,012	(1,049,012)
Member	-	776,067	(776,067)
Net investment income	-	11,502,809	(11,502,809)
Benefit payments	(4,096,266)	(4,096,266)	-
Administrative expenses	-	(64,437)	64,437
Net changes	<u>6,034,289</u>	<u>9,180,643</u>	<u>(3,146,354)</u>
Balances at December 31, 2019	<u>\$ 84,044,009</u>	<u>\$ 70,096,261</u>	<u>\$ 13,947,748</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ <u>26,253,846</u>	\$ <u>13,947,748</u>	\$ <u>3,016,882</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized pension expense of \$2,461,768. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,320,313	\$ 3,749,999
Changes in assumptions	3,805,349	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,598,073</u>
	<u>\$ 5,125,662</u>	<u>\$ 5,348,072</u>

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

Year Ending <u>December 31,</u>	
2020	\$ 47,220
2021	(407,593)
2022	462,774
2023	(1,315,382)
2024	96,273
Thereafter	894,298

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS' PENSION PLAN)

Summary of Significant Accounting Policies – Firefighters' Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

For the year ending December 31, 2019, the Firefighters' Defined Contribution Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>52</u>
	<u>79</u>

Benefits Provided – The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

Normal retirement: Age 53 and the completion of ten years of service.

Vesting: 100% after the completion of 12 years of vesting service; however, a participant shall be 100% vested at this normal retirement date.

Retirement Benefit: 2.5% of average applicable compensation multiplied by years of service. Applicable compensation equals the average of the highest three consecutive years of W-2 earnings from Upper Darby Township.

Survivor Benefit: Actuarial present value of participant's accrued benefit at death (automatic).

Disability Benefit Service Related: Service connected - Total and permanent disability as determined by the Plan Administrator allows for an unreduced retirement benefit calculated as at normal retirement, based on years of service at disability, payable immediately.

Non-service related – Same as service related.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS' PENSION PLAN) (Continued)

Post Retirement Adjustments: Eligible participants who retired before January 1, 1996 received post-retirement benefit increases effective July 1, 2002 per act 64. This increase is offset by 65% of any previous benefit increases, per Act 64.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In 2019, the MMO obligation for the Firefighters' Pension Plan was \$2,128,047 which was contributed by the Township to the Plan as of December 2019.

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 6.0% of their compensation to the plan, 5% per annum.

Investments

Investment Policy - The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The following was the Board's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	52.50%
International equity	17.50%
Core fixed income	27.00%
Cash	3.00%
	<u>100.00%</u>

Concentrations – The Township does not have more than 5% of the Plan's investments in any one single issuer.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 18.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS' PENSION PLAN) (Continued)

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2019 were as follows:

Total pension liability	\$ 45,910,180
Plan fiduciary net position	<u>(36,637,569)</u>
Net pension liability	<u>\$ 9,272,611</u>

Actuarial Assumptions - An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2019. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as described below:

Inflation	3.0%
Salary increases	4.75% annual increase
Investment rate of return	6.75%

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	5.54%
International equity	6.42%
Fixed Income	1.35%
Cash	-0.31%

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS' PENSION PLAN) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the Plan's anticipated investment returns.

Changes in the Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at December 31, 2018	\$ 39,689,347	\$ 29,741,038	\$ 9,948,309
Changes for the year			
Service cost	960,129	-	960,129
Interest	2,701,881	-	2,701,881
Changes in assumption	1,185,147	-	1,185,147
Differences between expected and actual experience	2,616,887	-	2,616,887
Contributions			
Employer	-	2,128,047	(2,128,047)
Member	-	436,575	(436,575)
Net investment income	-	5,607,695	(5,607,695)
Benefit payments	(1,243,211)	(1,243,211)	-
Administrative expenses	-	(32,575)	32,575
Net changes	<u>6,220,833</u>	<u>6,896,531</u>	<u>(675,698)</u>
Balances at December 31, 2019	<u>\$ 45,910,180</u>	<u>\$ 36,637,569</u>	<u>\$ 9,272,611</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS' PENSION PLAN) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 6.75% as well as what the net pension liability would be if it were calculated using a discount rate is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 14,530,189	\$ 9,272,611	\$ 4,557,849

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized a pension expense of \$1,903,910 for the Firefighters' Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,236,022	\$ 588,026
Changes in assumptions	1,494,715	-
Net difference between projected and actual earnings on pension plan investments	-	1,235,872
	<u>\$ 3,730,737</u>	<u>\$ 1,823,898</u>

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE L - DEFINED BENEFIT PENSION PLAN (FIREFIGHTERS’ PENSION PLAN) (Continued)

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

Year Ending <u>December 31,</u>		
2020	\$	319,776
2021		313,291
2022		784,734
2023		(83,774)
2024		572,812

NOTE M - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

The Township pays certain postemployment benefits for uniform and non-uniform municipal employees. This is a single employer plan, administered by the Township. Certain categories of members do not 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.

Plan Descriptions and Benefits Provided

Benefit Provisions

Retirement Eligibility

Police Officers – Officers hired prior to January 1, 2001 – May retire upon attaining a combination of age and service at least equal to the “Magic Number 77,” provided that he has both attained age 50 and completed at least 20 years of service. Members are required to retire when they reach age 60 unless they were employed as of January 1, 2017 and this would cause a failure to receive the full retirement pension. Officers hired on or after January 1, 2001 – May retire upon the attainment of age 50 and the completion of 25 years of service. For early retirement, After 20 years of service, regardless of age, however healthcare coverage is not effective until the date that the officer would have qualified for normal retirement. Any officer who is permanently disabled from performing police work as a result of a service-connected disability shall receive full health coverage.

Firefighters – Age 53 with 10 years of service.

Non-Uniformed Employees – Age 60 with 10 years of service

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (Continued)

Benefits Coverage - Includes the same medical, drug, dental and vision coverages as active employees.

Plan Membership

At January 1, 2019, plan membership consisted of the following:

Active employees	412
Retirees with life insurance	210
Retirees with covered spouses with healthcare	<u>234</u>
	<u>856</u>

Funding Policy

Retirees are not required to make contributions to the plan. The Township is accounting for these expenditures on a “pay-as-you-go” basis. The costs of administering the plans are paid by the Township.

Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the municipality's fiscal years ending December 31, 2019.

Actuarial Cost Method – Individual Entry Age Normal as a level percentage of payroll

Discount Rate – 3.25%

Inflation – 2.50%

Salary Scale – *Uniformed and Firefighters: Service Based, Non-Uniform: 3.50%*

Health Care Cost Trend Rate – 7.00% in Year 1, decreasing to an ultimate trend rate of 4.50% in Year 12.

Mortality – *Uniformed and Firefighters: Pub-2010 Public Safety Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019.*

Non-Uniformed: Pub-2010 General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (Continued)

Percent of Eligible Retirees Electing Coverage in Plan – 100% of retirees (Uniformed and Firefighters) and 90% (Non-Uniformed) who are eligible to participate are assumed to do so.

Actuarial Cost Method – Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability, beginning	\$ <u>303,511,314</u>
Changes for the year	
Service cost	12,784,036
Interest	9,886,919
Changes for experience	(42,512,515)
Changes of assumptions	7,341,705
Benefit payments	<u>(5,816,645)</u>
Net changes	<u>(18,316,500)</u>
Total OPEB liability, ending	\$ <u><u>285,194,814</u></u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (Continued)

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

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.25 percent) or 1-percentage point higher (4.25 percent) than the current discount rate:

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Total OPEB liability	\$ 361,218,408	\$ 285,194,814	\$ 229,684,232

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 236,899,009	\$ 285,194,814	\$ 348,387,401

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

For the year ended December 31, 2019, the Township recognized OPEB expense of \$18,644,627. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 37,505,152
Changes in assumptions	23,037,962	19,846,683
	\$ 23,037,962	\$ 57,351,835

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (Continued)

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

Year Ending December 31,	
2020	\$ (4,026,328)
2021	(4,026,328)
2022	(4,026,328)
2023	(4,026,328)
2024	(6,946,574)
Thereafter	(11,261,987)

NOTE N - FUND BALANCE CLASSIFICATIONS

Fund Balance categories and classifications are based on the definitions as determined by GASB 54 (see definitions in Note A) as follows:

	General Fund	Highway Aid Fund	Capital Project Fund	Debt Service Fund	Sewer Rental Fund	Sewer Rental Capital Fund	Total Nonmajor Funds	Total Governmental Funds
Fund balances								
Nonspendable	\$ 59,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,726
Restricted for								
Capital projects	-	-	3,593,157	-	-	-	-	3,593,157
Township road maintenance	-	1,148,496	-	-	-	-	-	1,148,496
Debt Service	-	-	-	907,697	-	-	-	907,697
Assigned	-	-	-	-	3,026,246	197,263	3,056	3,226,565
Unassigned	5,992,799	-	-	-	-	-	(125,014)	5,867,785
TOTAL FUND BALANCES	\$ 6,052,525	\$ 1,148,496	\$ 3,593,157	\$ 907,697	\$ 3,026,246	\$ 197,263	\$ (121,958)	\$ 14,803,426

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE O - SUBSEQUENT EVENTS

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of Township operations including tax collections and the collection of sewer and refuse charges. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. Overall, decreased funding could result in the Township having to curtail or eliminate some non-essential services and furlough employees.

Due to the pandemic, the financial markets have been in turmoil and have seen significant fluctuations in value since the beginning of the year. Any losses, if not regained, will have a significant detrimental impact on the value of the investments held by the Township's pension plans. Decreases in the value of investments held by the Plans will result in significant increases in the amount of the pension liabilities.

In January 2020, the Township issued a Tax and Revenue Anticipation Note, Series of 2020 in the amount of \$5,000,000. The proceeds of the Note are to be used for the purpose of providing funds for current expenses payable in the 2020 fiscal year in anticipation of the receipt of current taxes and other current revenues. This Note was subsequently repaid in April 2020.

In January 2021, the Township issued a Tax and Revenue Anticipation Note, Series of 2021 in the amount of \$5,000,000. The proceeds of the Note are to be used for the purpose of providing funds for current expenses payable in the 2021 fiscal year in anticipation of the receipt of current taxes and other current revenues.

NOTE P - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements in order to conform to the current year presentation. The reclassifications had no effect on previously reported changes in net position or net position.

NOTE Q - PRIOR PERIOD RESTATEMENT

As of January 1, 2019, the Township has reported an amount previously reported on the government-wide statement of net position as an asset, investment in wastewater treatment plant, as having been recognized as expense in prior years. The restatement decreased the beginning of year investment in wastewater treatment plant asset by \$5,092,029 to \$0, and resulted in a restatement of beginning government-wide net position from (\$315,220,451) to (\$320,312,480).

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Real estate taxes	\$ 54,234,900	\$ 54,234,900	\$ 53,850,622	\$ (384,278)
Business taxes	3,375,000	3,375,000	3,111,672	(263,328)
Licenses and permits	3,604,500	3,604,500	3,731,954	127,454
Fines	595,000	595,000	721,814	126,814
Rent	238,000	238,000	228,409	(9,591)
Investment earnings	100,000	100,000	345,623	245,623
Public utility realty tax	60,000	60,000	53,746	(6,254)
Intergovernmental	2,580,000	2,580,000	2,730,719	150,719
Delaware County Office of Services for the Aging (COSA)	305,000	305,000	339,603	34,603
Departmental charges	8,399,000	8,399,000	7,964,038	(434,962)
Pennsylvania contribution for pension and ad hoc	2,587,773	2,587,773	2,928,925	341,152
Volunteer fire allocation	235,000	235,000	194,192	(40,808)
Other	725,000	725,000	771,870	46,870
Sewer fund reimbursements	1,000,000	1,000,000	-	(1,000,000)
TOTAL REVENUES	78,039,173	78,039,173	76,973,187	(1,065,986)
EXPENDITURES				
General government	15,936,181	15,936,181	14,980,356	955,825
Public safety	46,306,564	46,306,564	45,629,129	677,435
Health and sanitation	6,274,087	6,274,087	6,282,672	(8,585)
Community Development	2,123,742	2,123,742	1,957,529	166,213
Street lights, electric, parking and public works	3,456,030	3,456,030	3,259,716	196,314
Leisure services, COSA and parks	3,474,728	3,474,728	3,140,310	334,418
Volunteer fire allocation	235,000	235,000	192,403	42,597
Municipal pension contribution	1,062,470	1,062,470	1,062,470	-
Library contribution	1,401,284	1,401,284	1,401,284	-
TOTAL EXPENDITURES	80,270,086	80,270,086	77,905,869	2,364,217
EXCESS OF REVENUES OVER EXPENDITURES	(2,230,913)	(2,230,913)	(932,682)	1,298,231
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,000	10,000	24,624	14,624
NET CHANGE IN FUND BALANCES	(2,220,913)	(2,220,913)	(908,058)	1,312,855
FUND BALANCES AT BEGINNING OF YEAR	6,960,583	6,960,583	6,960,583	-
FUND BALANCES AT END OF YEAR	\$ 4,739,670	\$ 4,739,670	\$ 6,052,525	\$ 1,312,855

See accompanying notes to the budgetary comparison schedules.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
BUDGETARY COMPARISON SCHEDULE
SEWER RENTAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sewer rentals, penalties and interest	\$ 7,450,000	\$ 7,450,000	\$ 7,492,074	\$ 42,074
Investment earnings	500	500	-	(500)
Other revenue	-	-	569	569
Grants and entitlements	25,000	25,000	-	(25,000)
Joint projects other municipalities	1,738,967	1,738,967	1,441,677	(297,290)
TOTAL REVENUES	<u>9,214,467</u>	<u>9,214,467</u>	<u>8,934,320</u>	<u>(280,147)</u>
EXPENDITURES				
Sewer	8,780,493	8,780,493	8,093,372	687,121
TOTAL EXPENDITURES	<u>8,780,493</u>	<u>8,780,493</u>	<u>8,093,372</u>	<u>687,121</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>433,974</u>	<u>433,974</u>	<u>840,948</u>	<u>406,974</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(1,490,000)</u>	<u>(1,490,000)</u>	<u>-</u>	<u>1,490,000</u>
NET CHANGE IN FUND BALANCES	<u>(1,056,026)</u>	<u>(1,056,026)</u>	<u>840,948</u>	<u>1,896,974</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,185,298</u>	<u>2,185,298</u>	<u>2,185,298</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,129,272</u>	<u>\$ 1,129,272</u>	<u>\$ 3,026,246</u>	<u>\$ 1,896,974</u>

See accompanying notes to the budgetary comparison schedules.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
BUDGETARY COMPARISON SCHEDULE
HIGHWAY AID FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 1,209	\$ 709
Grants and entitlements	2,100,427	2,100,427	2,195,106	94,679
TOTAL REVENUES	<u>2,100,927</u>	<u>2,100,927</u>	<u>2,196,315</u>	<u>95,388</u>
EXPENDITURES				
Highway and streets	2,006,762	2,006,762	1,705,830	300,932
TOTAL EXPENDITURES	<u>2,006,762</u>	<u>2,006,762</u>	<u>1,705,830</u>	<u>300,932</u>
NET CHANGE IN FUND BALANCES	94,165	94,165	490,485	396,320
FUND BALANCES AT BEGINNING OF YEAR	<u>658,011</u>	<u>658,011</u>	<u>658,011</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 752,176</u>	<u>\$ 752,176</u>	<u>\$ 1,148,496</u>	<u>\$ 396,320</u>

See accompanying notes to the budgetary comparison schedules.

TOWNSHIP OF UPPER DARBY, DELAWARE COUNTY, PENNSYLVANIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES YEAR ENDED DECEMBER 31, 2019

1. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund, Sewer Rental Fund, Highway Aid Fund, and Debt Service Fund.

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

- ❖ During August, Township management prepares a Capital Plan that is submitted to Township Council 30 days prior to submission of the Operating Budget.
- ❖ During September, Township management prepare an Operating Budget that is submitted to Township Council on or about October 1st – 90 days prior to the start of the next fiscal year.
 - Along with submission of the Operating Budget, the Mayor presents a Budget Message.
 - At the Township Council meeting wherein the Mayor presents her Budget Message:
 - Township Council sets dates for two Budget Hearings (spaced one week apart).
 - Township Council determines to publish, in one or more newspapers, the time and place where the hearings will take place (and where copies of the Budget and the Budget Message are made available to the public). Publication must occur two weeks prior to the first Hearing date.
- ❖ Following the second Hearing, Township Council must meet and adopt the Budget. Budget adoption must occur in time for subsequent Tax Levying and Appropriations Ordinances to be adopted by year-end.

2. Revenue and Expense Variances

Cash transfers between funds were budgeted as revenues and expenses, but accounted for in a different manner, thus yielding several budget variances which net to zero in the aggregate. Excluding all such transfers between funds, material budget variances are as follows:

- Generally, revenues earned were less than budgeted, yielding a negative variance of (\$251k). Of this amount, approximately (\$300k) was reimbursements from other municipalities.
- Generally, expenses incurred were less than budgeted, yielding a positive variance of \$3.3mm. The largest components include General Government of \$1.0mm, Public Safety of \$.7mm, Sewer of \$.7mm, and Highways/Streets of \$.3mm.

To the extent that there were expenditures in excess of budget, they were funded by the available fund balance in the General Fund.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 4,069,721	\$ 3,829,248	\$ 3,655,606
Interest	7,321,920	7,650,631	7,212,605
Changes for experience	(285,059)	(45,695)	(2,733,364)
Changes of assumptions	2,551,487	(5,763,975)	249,081
Benefit payments, including refunds of member contributions	<u>(5,936,319)</u>	<u>(5,388,607)</u>	<u>(5,043,907)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	7,721,750	281,602	3,340,021
Total pension liability, beginning	<u>101,693,728</u>	<u>101,412,126</u>	<u>98,072,105</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 109,415,478</u>	<u>\$ 101,693,728</u>	<u>\$ 101,412,126</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 4,975,380	\$ 5,726,733	\$ 4,711,803
Contributions - member	843,661	836,447	754,436
Net investment income	16,022,504	(4,747,288)	11,309,664
Benefit payments, including refunds of member contributions	(5,936,319)	(5,388,607)	(5,043,907)
Administrative expense	<u>(327,575)</u>	<u>(338,662)</u>	<u>(322,586)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	15,577,651	(3,911,377)	11,409,410
Plan net position, beginning	<u>75,033,352</u>	<u>78,944,729</u>	<u>67,535,319</u>
PLAN NET POSITION, ENDING	<u>\$ 90,611,003</u>	<u>\$ 75,033,352</u>	<u>\$ 78,944,729</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 18,804,475</u>	<u>\$ 26,660,376</u>	<u>\$ 22,467,397</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>82.81%</u>	<u>73.78%</u>	<u>77.85%</u>
COVERED PAYROLL	<u>\$ 14,927,595</u>	<u>\$ 15,280,806</u>	<u>\$ 14,474,564</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>125.97%</u>	<u>174.47%</u>	<u>155.22%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 3,666,355	\$ 3,349,022	\$ 3,189,543
6,951,797	6,367,532	5,987,854
-	(4,040,837)	-
-	8,907,859	-
<u>(4,493,295)</u>	<u>(4,460,947)</u>	<u>(4,401,917)</u>
6,124,857	10,122,629	4,775,480
<u>91,947,248</u>	<u>81,824,619</u>	<u>77,049,139</u>
<u>\$ 98,072,105</u>	<u>\$ 91,947,248</u>	<u>\$ 81,824,619</u>
\$ 4,538,737	\$ 5,012,337	\$ 4,843,478
859,918	777,447	743,812
5,161,225	(437,319)	4,086,233
(4,493,295)	(4,460,947)	(4,401,917)
<u>(263,278)</u>	<u>(292,272)</u>	<u>(56,143)</u>
5,803,307	599,246	5,215,463
<u>61,732,012</u>	<u>61,132,766</u>	<u>55,917,303</u>
<u>\$ 67,535,319</u>	<u>\$ 61,732,012</u>	<u>\$ 61,132,766</u>
<u>\$ 30,536,786</u>	<u>\$ 30,215,236</u>	<u>\$ 20,691,853</u>
<u>68.86%</u>	<u>67.14%</u>	<u>74.71%</u>
<u>\$ 14,304,153</u>	<u>\$ 13,841,548</u>	<u>\$ 12,930,104</u>
<u>213.48%</u>	<u>218.29%</u>	<u>160.03%</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,975,380	\$ 5,726,733	\$ 4,711,803	\$ 4,538,737	\$ 5,012,337	\$ 4,843,478
Contributions made	<u>4,975,380</u>	<u>5,726,733</u>	<u>4,711,803</u>	<u>4,538,737</u>	<u>5,012,337</u>	<u>4,843,478</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ <u>14,927,595</u>	\$ <u>15,280,806</u>	\$ <u>14,474,564</u>	\$ <u>14,304,153</u>	\$ <u>13,841,548</u>	\$ <u>12,930,104</u>
Contributions as a percentage of covered payroll	<u>33.33%</u>	<u>37.48%</u>	<u>32.55%</u>	<u>31.73%</u>	<u>36.21%</u>	<u>37.46%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 SCHEDULE OF INVESTMENT RETURNS -
 POLICE PENSION PLAN
 LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>21.39%</u>	<u>-6.44%</u>	<u>16.65%</u>	<u>8.12%</u>	<u>-1.07%</u>	<u>7.52%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PENSION PLAN
YEAR ENDED DECEMBER 31, 2019

1. Changes Since the Prior Valuation

Changes since the prior valuation include an update of the mortality assumption from RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment projected to 2017 with Scale AA to Pub-2010 Safety Amount - Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2019.

2. Actuarial Assumptions

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

The net pension liability for the Plan in the most recent actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	11 years
Asset Valuation Method	Adjusted Market Value

Actuarial Assumptions:

Investment Rate of Return	7.25% per annum
Salary Increases	3.50% per annum, including inflation
Inflation	2.50% per annum

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled annuitants were based on Pub-2010 Safety Amount - Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2019.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - MUNICIPAL EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,734,361	\$ 1,667,557	\$ 1,436,443
Interest	6,009,012	5,576,474	5,432,696
Changes for experience	1,473,838	(645,678)	(3,003,293)
Changes of assumptions	913,344	3,763,027	-
Benefit payments, including refunds of member contributions	<u>(4,096,266)</u>	<u>(3,771,312)</u>	<u>(3,770,947)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	6,034,289	6,590,068	94,899
Total pension liability, beginning	<u>78,009,720</u>	<u>71,419,652</u>	<u>71,324,753</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 84,044,009</u>	<u>\$ 78,009,720</u>	<u>\$ 71,419,652</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 13,458	\$ 73,041	\$ 21,989
Contributions - state aid	1,049,012	946,246	940,591
Contributions - member	776,067	761,528	728,513
Other income	-	-	-
Net investment income	11,502,809	(3,979,837)	9,035,734
Benefit payments, including refunds of member contributions	<u>(4,096,266)</u>	<u>(3,771,312)</u>	<u>(3,770,947)</u>
Administrative expense	<u>(64,437)</u>	<u>(68,967)</u>	<u>(60,639)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	9,180,643	(6,039,301)	6,895,241
Plan net position, beginning	<u>60,915,618</u>	<u>66,954,919</u>	<u>60,059,678</u>
PLAN NET POSITION, ENDING	<u>\$ 70,096,261</u>	<u>\$ 60,915,618</u>	<u>\$ 66,954,919</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 13,947,748</u>	<u>\$ 17,094,102</u>	<u>\$ 4,464,733</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>83.40%</u>	<u>78.09%</u>	<u>93.75%</u>
COVERED PAYROLL	<u>\$ 12,621,104</u>	<u>\$ 12,141,067</u>	<u>\$ 11,694,804</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>110.51%</u>	<u>140.80%</u>	<u>38.18%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,531,882	\$ 1,364,058	\$ 1,328,842
5,413,416	4,981,253	4,827,925
(612,438)	(1,340,172)	(699,869)
-	-	-
<u>(3,446,427)</u>	<u>(3,181,427)</u>	<u>(3,704,597)</u>
2,886,433	1,823,712	1,752,301
<u>68,438,320</u>	<u>66,614,608</u>	<u>64,862,307</u>
<u>\$ 71,324,753</u>	<u>\$ 68,438,320</u>	<u>\$ 66,614,608</u>
\$ 36,831	\$ 138,850	\$ 141,615
870,450	734,484	755,173
766,948	691,270	653,919
10,787	7,055	-
2,380,341	110,645	4,486,461
(3,446,427)	(3,181,428)	(3,714,872)
<u>(68,786)</u>	<u>(87,785)</u>	<u>(43,500)</u>
550,144	(1,586,909)	2,278,796
<u>59,509,534</u>	<u>61,096,443</u>	<u>58,817,647</u>
<u>\$ 60,059,678</u>	<u>\$ 59,509,534</u>	<u>\$ 61,096,443</u>
<u>\$ 11,265,075</u>	<u>\$ 8,928,786</u>	<u>\$ 5,518,165</u>
<u>84.21%</u>	<u>86.95%</u>	<u>91.72%</u>
<u>\$ 11,658,330</u>	<u>\$ 11,142,155</u>	<u>\$ 10,551,801</u>
<u>96.63%</u>	<u>80.14%</u>	<u>52.30%</u>

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULES OF PENSION CONTRIBUTIONS
MUNICIPAL EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,062,470	\$ 1,019,287	\$ 962,580	\$ 907,281	\$ 873,334	\$ 896,788
Contributions made	<u>1,062,470</u>	<u>1,019,287</u>	<u>962,580</u>	<u>907,281</u>	<u>873,334</u>	<u>896,788</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Covered payroll	\$ <u><u>12,621,104</u></u>	\$ <u><u>12,141,067</u></u>	\$ <u><u>11,694,804</u></u>	\$ <u><u>11,658,330</u></u>	\$ <u><u>11,142,155</u></u>	\$ <u><u>10,551,801</u></u>
Contributions as a percentage of covered payroll	<u><u>8.42%</u></u>	<u><u>8.40%</u></u>	<u><u>8.23%</u></u>	<u><u>7.78%</u></u>	<u><u>7.84%</u></u>	<u><u>8.50%</u></u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 SCHEDULES OF PENSION PLAN INVESTMENT RETURNS -
 MUNICIPAL EMPLOYEES' PENSION PLAN
 LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>19.17%</u>	<u>-5.70%</u>	<u>15.94%</u>	<u>4.63%</u>	<u>-0.71%</u>	<u>8.33%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
MUNICIPAL EMPLOYEES' PENSION PLAN
YEAR ENDED DECEMBER 31, 2019**

1. Changes Since the Prior Valuation

Changes since the prior valuation include:

- decrease in inflation from 2.75% to 2.25%,
- change in salary increases assumption from 5% average including inflation to 3.50 - 4.75% including inflation,
- change in assumed retirement age from Age 63 with 5 years service to Age 62 with 25 years' service or Age 65, and
- change in the mortality table from RP2000 projected forward with Scale AA to PUB-2010 Mortality Tables projected forward with MP Scale for Males and Females.

2. Actuarial Assumptions

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

The net pension liability for the Plan in the most recent actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	20 years
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	7.50%, including inflation and expenses
Salary Increases	3.50 - 4.75%, including inflation
Inflation	2.25%
Assumed Retirement Age	Age 62 with 25 years' service or Age 65

Salary increases were based on a service-related table. Mortality rates for active members and retirees were based on PUB-2010 Mortality Tables projected forward with MP Scale for Males and

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULES OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - FIREFIGHTERS' PENSION PLAN
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 960,129	\$ 910,894	\$ 930,306	\$ 848,744	\$ 832,869	\$ 880,824
Interest	2,701,881	2,663,029	2,432,481	2,379,778	2,258,285	2,036,876
Differences (expected vs. actual)	2,616,887	-	-	-	-	-
Changes for experience	-	(449,968)	119,120	(309,056)	(551,095)	(529)
Changes of assumptions	1,185,147	-	970,160	-	-	-
Benefit payments, including refunds of member contributions	(1,243,211)	(1,133,984)	(1,144,224)	(1,007,436)	(752,903)	(697,458)
NET CHANGE IN TOTAL PENSION LIABILITY	6,220,833	1,989,971	3,307,843	1,912,030	1,787,156	2,219,713
Total pension liability, beginning	39,689,347	37,699,376	34,391,533	32,479,503	30,692,347	28,472,634
TOTAL PENSION LIABILITY, ENDING	<u>\$ 45,910,180</u>	<u>\$ 39,689,347</u>	<u>\$ 37,699,376</u>	<u>\$ 34,391,533</u>	<u>\$ 32,479,503</u>	<u>\$ 30,692,347</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 2,128,047	\$ 1,631,536	\$ 1,586,677	\$ 1,515,976	\$ 1,125,538	\$ 1,069,622
Contributions - member	436,575	416,389	365,555	394,308	367,743	357,305
Other income	-	3,585	191,293	-	-	-
Net investment income	5,607,695	(1,777,464)	3,767,421	1,750,732	(271,486)	1,163,102
Benefit payments, including refunds of member contributions	(1,243,211)	(1,133,984)	(1,144,224)	(1,007,436)	(752,903)	(697,458)
Administrative expense	(32,575)	(24,936)	(28,185)	(31,094)	(32,046)	(33,907)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	6,896,531	(884,874)	4,738,537	2,622,486	436,846	1,858,664
Plan net position, beginning	29,741,038	30,625,912	25,887,375	23,264,889	22,828,043	20,969,379
PLAN NET POSITION, ENDING	<u>\$ 36,637,569</u>	<u>\$ 29,741,038</u>	<u>\$ 30,625,912</u>	<u>\$ 25,887,375</u>	<u>\$ 23,264,889</u>	<u>\$ 22,828,043</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 9,272,611</u>	<u>\$ 9,948,309</u>	<u>\$ 7,073,464</u>	<u>\$ 8,504,158</u>	<u>\$ 9,214,614</u>	<u>\$ 7,864,304</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>79.80%</u>	<u>74.93%</u>	<u>81.24%</u>	<u>75.27%</u>	<u>71.63%</u>	<u>74.38%</u>
COVERED PAYROLL	<u>\$ 7,226,128</u>	<u>\$ 6,854,800</u>	<u>\$ 6,149,717</u>	<u>\$ 6,434,030</u>	<u>\$ 6,142,272</u>	<u>\$ 5,863,744</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>128.32%</u>	<u>145.13%</u>	<u>115.02%</u>	<u>132.17%</u>	<u>150.02%</u>	<u>134.12%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULES OF PENSION CONTRIBUTIONS
FIREFIGHTERS' PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,128,047	\$ 1,631,536	\$ 1,586,677	\$ 1,305,775	\$ 1,125,538	\$ 1,069,622
Contributions made	<u>2,128,047</u>	<u>1,631,536</u>	<u>1,586,677</u>	<u>1,305,775</u>	<u>1,125,538</u>	<u>1,069,622</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ <u>7,226,128</u>	\$ <u>6,854,800</u>	\$ <u>6,149,717</u>	\$ <u>6,434,030</u>	\$ <u>6,142,272</u>	\$ <u>5,863,744</u>
Contributions as a percentage of covered payroll	<u>29.45%</u>	<u>23.80%</u>	<u>25.80%</u>	<u>20.29%</u>	<u>18.32%</u>	<u>18.24%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 SCHEDULES OF PENSION PLAN INVESTMENT RETURNS -
 FIREFIGHTERS' PENSION PLAN
 LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>18.30%</u>	<u>-5.30%</u>	<u>15.10%</u>	<u>7.56%</u>	<u>-1.19%</u>	<u>5.57%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
FIREFIGHTERS' PENSION PLAN
YEAR ENDED DECEMBER 31, 2019

1. Changes Since the Prior Valuation

Changes since the prior valuation include a decrease in the investment rate of return from 7.00% to 6.75%.

2. Actuarial Assumptions

The net pension liability for the Plan in the most recent actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	9 years
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	6.75%
Salary Increases	4.75%, average, including inflation
Inflation	3%
Retirement Age	Age 60 and 10 Years of Service

Salary increases were based on a service-related table. Mortality rates for active members and retirees were based on RP-2000 Mortality Table (Blue Collar) projected with Scale AA.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
SCHEDULE OF CHANGES IN THE TOWNSHIP'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 12,784,036	\$ 16,640,334	\$ 13,637,039
Interest	9,886,919	9,675,368	9,647,103
Changes for experience	(42,512,515)	-	-
Changes of assumptions	7,341,705	(27,406,607)	28,649,469
Benefit payments, including refunds of member contributions	<u>(5,816,645)</u>	<u>(5,104,639)</u>	<u>(5,518,827)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(18,316,500)	(6,195,544)	46,414,784
Total OPEB liability, beginning	<u>303,511,314</u>	<u>309,706,858</u>	<u>263,292,074</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 285,194,814</u>	<u>\$ 303,511,314</u>	<u>\$ 309,706,858</u>
COVERED PAYROLL	<u>\$ 30,683,950</u>	<u>\$ 29,388,021</u>	<u>\$ 28,055,390</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>929.46%</u>	<u>1032.77%</u>	<u>1103.91%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

See accompanying notes to required supplementary information.

TOWNSHIP OF UPPER DARBY, DELAWARE COUNTY, PENNSYLVANIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFIT PLAN YEAR ENDED DECEMBER 31, 2019

1. Changes Since the Prior Valuation

Changes since the prior valuation include:

- decrease in the discount rate from 3.65% to 3.25%,
- change in annual wage increase assumption from 4.75% for all divisions to service based for Uniformed and Firefighters and 3.50% for Non-Uniformed,
- change in the healthcare cost trend table from 6.0% in year 1 down to 5.0% in year 3 to 7.00% in Year 1, decreasing to an ultimate trend rate of 4.50% in Year 12,
- change in the mortality tables from the RP-2000 Combined Mortality Tables with Blue Collar Adjustments for Uniformed and Firefighters, to the Pub-2019 General Employee and Public Safety Headcount-Weighted Mortality Tables, and
- update in the mortality project scale from Scale AA to MP-2019.

2. Actuarial Assumptions

The actuarially determined contribution is calculated in accordance with the Township's funding and investment policy.

The net OPEB liability for the Plan in the most recent actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Individual Entry Age Normal as a level percentage of payroll

Actuarial Assumptions:

Discount Rate	3.25%
Inflation	2.50%
Healthcare Cost Trend Rate	7.00% in Year 1, decreasing to an ultimate trend rate of 4.50% in Year 12.
Salary Scale	<i>Uniformed and Firefighters: Service Based Non-Uniformed: 3.50%</i>
Mortality	<i>Uniformed and Firefighters: Pub-2010 Public Safety Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019. Non-Uniformed: Pub-2010 General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2019.</i>

SUPPLEMENTARY INFORMATION

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>Community Grants</u>	<u>Upper Darby Football Bowl</u>	<u>Total Nonmajor Funds</u>
ASSETS			
Cash, cash equivalents	\$ -	\$ 3,056	\$ 3,056
Receivables			
Intergovernmental	<u>373,397</u>	<u>-</u>	<u>373,397</u>
TOTAL ASSETS	<u>\$ 373,397</u>	<u>\$ 3,056</u>	<u>\$ 376,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 493,871	\$ -	\$ 493,871
Deferred revenue	<u>4,540</u>	<u>-</u>	<u>4,540</u>
TOTAL LIABILITIES	<u>498,411</u>	<u>-</u>	<u>498,411</u>
FUND BALANCES			
Assigned	-	3,056	3,056
Unassigned	<u>(125,014)</u>	<u>-</u>	<u>(125,014)</u>
TOTAL FUND BALANCES	<u>(125,014)</u>	<u>3,056</u>	<u>(121,958)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 373,397</u>	<u>\$ 3,056</u>	<u>\$ 376,453</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Community Grants</u>	<u>Upper Darby Football Bowl</u>	<u>Total Nonmajor Funds</u>
REVENUES			
Intergovernmental	\$ 12,829	\$ -	\$ 12,829
EXPENDITURES			
General government	-	200	200
Public Safety	45,278	-	45,278
Community and economic development	92,565	-	92,565
TOTAL EXPENDITURES	<u>137,843</u>	<u>200</u>	<u>138,043</u>
NET CHANGE IN FUND BALANCES	(125,014)	(200)	(125,214)
FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>	<u>3,256</u>	<u>3,256</u>
FUND BALANCES AT END OF YEAR	<u>\$ (125,014)</u>	<u>\$ 3,056</u>	<u>\$ (121,958)</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
COMBINING STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Pension Trust Funds				Agency Fund
	Police Pension Fund	Municipal Employees' Pension Fund	Firefighter's Pension Plan	Total Pension Trust Funds	Self Insurance Trust Fund
ASSETS					
Cash and cash equivalents	\$ 2,713,347	\$ 1,725,277	\$ 1,889,187	\$ 6,327,811	\$ 264,179
Investments (at market value)	87,981,314	68,222,488	34,762,723	190,966,525	1,001,589
Interest receivable	-	120,831	-	120,831	-
Prepaid expenses	-	2,633	6,225	8,858	-
Contribution receivable	-	58,708	-	58,708	-
TOTAL ASSETS	90,694,661	70,129,937	36,658,135	197,482,733	1,265,768
LIABILITIES					
Accounts payable	83,658	33,676	20,566	137,900	-
Escrow	-	-	-	-	1,265,768
TOTAL LIABILITIES	83,658	33,676	20,566	137,900	1,265,768
NET POSITION					
Restricted for pensions	\$ <u>90,611,003</u>	\$ <u>70,096,261</u>	\$ <u>36,637,569</u>	\$ <u>197,344,833</u>	\$ <u>-</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
COMBINING STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Police Pension Fund	Municipal Employees' Pension Fund	Firefighters Pension Plan	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 4,975,380	\$ 1,062,470	\$ 2,128,047	\$ 8,165,897
Employee	843,661	776,067	436,575	2,056,303
TOTAL CONTRIBUTIONS	<u>5,819,041</u>	<u>1,838,537</u>	<u>2,564,622</u>	<u>10,222,200</u>
Investment earnings (loss)				
Net change in fair value of investments	14,004,768	10,172,604	4,833,149	29,010,521
Investment earnings	2,017,736	1,662,688	894,888	4,575,312
TOTAL INVESTMENT INCOME	<u>16,022,504</u>	<u>11,835,292</u>	<u>5,728,037</u>	<u>33,585,833</u>
Less investment expense	-	(332,483)	(120,342)	(452,825)
NET INVESTMENT EARNINGS	<u>16,022,504</u>	<u>11,502,809</u>	<u>5,607,695</u>	<u>33,133,008</u>
TOTAL ADDITIONS	<u>21,841,545</u>	<u>13,341,346</u>	<u>8,172,317</u>	<u>43,355,208</u>
DEDUCTIONS				
Benefit payments	5,936,319	4,096,266	1,243,211	11,275,796
Administrative expenses	327,575	64,437	32,575	424,587
TOTAL DEDUCTIONS	<u>6,263,894</u>	<u>4,160,703</u>	<u>1,275,786</u>	<u>11,700,383</u>
CHANGE IN NET POSITION	15,577,651	9,180,643	6,896,531	31,654,825
NET POSITION - BEGINNING	<u>75,033,352</u>	<u>60,915,618</u>	<u>29,741,038</u>	<u>165,690,008</u>
NET POSITION - ENDING	<u>\$ 90,611,003</u>	<u>\$ 70,096,261</u>	<u>\$ 36,637,569</u>	<u>\$ 197,344,833</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,
DELAWARE COUNTY, PENNSYLVANIA**
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sewer rentals, penalties and interest	\$ -	\$ -	\$ 2,608,962	\$ 2,608,962
EXPENDITURES				
Principal	1,932,049	1,932,049	2,006,000	(73,951)
Interest	616,801	616,801	616,801	-
TOTAL EXPENDITURES	<u>2,548,850</u>	<u>2,548,850</u>	<u>2,622,801</u>	<u>(73,951)</u>
NET CHANGE IN FUND BALANCES	(2,548,850)	(2,548,850)	(13,839)	2,682,913
FUND BALANCES AT BEGINNING OF YEAR	<u>921,536</u>	<u>921,536</u>	<u>921,536</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ (1,627,314)</u>	<u>\$ (1,627,314)</u>	<u>\$ 907,697</u>	<u>\$ 2,682,913</u>

**TOWNSHIP OF UPPER DARBY,
 DELAWARE COUNTY, PENNSYLVANIA**
 TEN YEAR SUMMARY OF REAL ESTATE TAXES
 YEAR ENDED DECEMBER 31, 2019

<u>YEAR</u>	<u>TAX RATE IN MILS</u>	<u>NET ASSESSED VALUATION</u>	<u>TAX LEVY</u>	<u>COLLECTIONS</u>	<u>PERCENTAGE OF CURRENT COLLECTIONS TO TAX LEVY</u>
2010	14.99	\$ 2,690,210,980	\$ 40,356,445	\$ 38,817,815	96.187%
2011	15.94	2,686,345,670	42,814,279	41,178,742	96.180%
2012	16.79	2,679,747,596	44,992,932	43,217,570	96.054%
2013	17.94	2,677,717,414	48,004,974	45,843,640	95.498%
2014	18.93	2,949,305,129	50,744,893	48,722,196	96.014%
2015	19.92	2,668,812,865	53,160,876	51,019,657	95.972%
2016	19.92	2,665,901,853	53,103,533	51,004,023	96.046%
2017	20.37	2,696,079,061	54,742,907	52,372,124	95.669%
2018	20.95	2,682,070,560	56,189,378	52,788,167	93.947%
2019	20.95	2,702,176,667	56,610,601	54,861,411	96.910%