

MEMORANDUM

To: Mayor Barbarann Keffer
Alison Dobbins, Acting Co-CAO
Rita LaRue, Acting Co-CAO
Upper Darby Council

Date: May 22, 2023

From: Donna Stilwell, CPA, CFE
Brinker Simpson & Co., LLC
Acting Finance Director

cc: Diane Scutti, Controller

Re: 2021 Audit and Financial Statements

Herein is the final report from Maillie LLP relating to the audit of Upper Darby Township as of December 31, 2021, and the year then ended.

The government-wide financial statements for Upper Darby Township reflect an overall decrease in net position of \$5,091,686 for the year ended December 31, 2021. This deficit was driven mainly by changes in significant liabilities, related to pension and other postemployment liabilities. These liabilities are recorded only on the overall financial statements and reflect the total liability of the Township over the life of these pension and other postemployment benefit plans. These liabilities are not reflected in the fund financial statements as benefit payments related to these plans are handled on a pay as you go basis in the funds.

The General Fund specifically reported a decrease in fund balance of \$2,099,684 for the year ended December 31, 2021. Upper Darby Council passed budgets that included deficits for the year 2021 and the year 2022, driving the excess of expenditures over revenues during those years. When a deficit is budgeted, the Township must rely on fund balance to support the operations for the year.

Despite a deficit budgeted for 2022, the 2022 financial reports reflect a surplus due to the release of ARPA funds for lost revenue. For the year 2023, Council has adopted a budget with a surplus to begin to build back the fund balance reserves.

The finance team is prepared for the 2022 audit to start immediately, once an auditor is chosen.

Thank you.