

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2021*

## **INTRODUCTORY SECTION**

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DELAWARE COUNTY, PENNSYLVANIA**  
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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Darby Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Darby Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Upper Darby Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Darby Township's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14, budgetary comparison information on pages 69 through 71, pension plan information on pages 72 through 83 and post-employment benefits other than pension plan information on pages 84 and 85, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Darby Township's basic financial statements. The combining fund statements and schedules on pages 86 through 89, budgetary comparison information for the debt service fund and highway aid fund on pages 90 and 91, and summary of real estate taxes on page 92 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and schedules, budgetary comparison information for the debt service fund and highway aid fund, and summary of real estate taxes are the responsibility of management and were 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 combining fund statements and schedules, budgetary comparison information for the debt service fund and highway aid fund, and summary of real estate taxes is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023 on our consideration of Upper Darby Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upper Darby Township's internal control over financial reporting and compliance.



Limerick, Pennsylvania  
May 11, 2023

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2021

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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, 2021. This information needs to be read in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

The Township's net position decreased by \$5,091,686 as a result of this year's operations. Net position for governmental activities decreased from (\$342,223,916) to (\$347,315,602). The large negative net position is driven primarily by significant liabilities related to both pension and other postemployment benefit liabilities.

In 2021, the Township's statement of activities reflected a decrease of \$5,091,686 in net position. In 2020, the Township's statement of activities reflected a decrease of \$8,829,308. The difference, an improvement of \$4,252,820 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 2021 and 2020.

The General Fund reported a positive fund balance of \$158,531 this year compared to a fund balance of \$2,258,215 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, 2021

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- *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 comparison schedules, schedules of changes in net pension liability and related ratios for all pension plans, schedule of employer contributions for all pension plans, schedule of investment returns for all pension plans, and schedule of changes in the Township's total OPEB liability and related ratios are provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds, and budgetary comparison schedules are 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, 2021

**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, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Variance</u>
	<u>12/31/2021</u>	<u>12/31/2020</u>	
<b>ASSETS</b>			
Current and other assets	\$ 45,284,610	\$ 21,281,594	\$ 24,003,016
Capital assets	32,499,641	31,841,338	658,303
TOTAL ASSETS	<u>77,784,251</u>	<u>53,122,932</u>	<u>24,661,319</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding of debt	343,436	-	343,436
Deferred outflows of resources, pension and OPEB activity	<u>81,556,480</u>	<u>27,444,830</u>	<u>54,111,650</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>81,899,916</u>	<u>27,444,830</u>	<u>54,455,086</u>
<b>LIABILITIES</b>			
Current and other liabilities	25,424,769	3,897,193	21,527,576
Long-term liabilities	<u>356,827,661</u>	<u>346,934,506</u>	<u>9,893,155</u>
TOTAL LIABILITIES	<u>382,252,430</u>	<u>350,831,699</u>	<u>31,420,731</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension and OPEB activity	<u>124,747,339</u>	<u>71,959,979</u>	<u>52,787,360</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,533,146	18,223,424	(1,690,278)
Restricted	3,174,933	2,502,335	672,598
Unrestricted	<u>(367,023,681)</u>	<u>(362,949,675)</u>	<u>(4,074,006)</u>
TOTAL NET POSITION	<u>\$ (347,315,602)</u>	<u>\$ (342,223,916)</u>	<u>\$ (5,091,686)</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, 2021

**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, 2021 and 2020**

	Governmental Activities		Variance
	12/31/2021	12/31/2020	
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 19,103,520	\$ 16,473,679	\$ 2,629,841
Operating grants and contributions	6,194,111	3,436,432	2,757,679
General revenues			
Taxes	58,452,524	59,994,441	(1,541,917)
Other	2,993,637	3,059,602	(65,965)
<b>TOTAL REVENUES</b>	<u>86,743,792</u>	<u>82,964,154</u>	<u>3,779,638</u>
<b>EXPENSES</b>			
General administration	15,737,444	13,969,428	1,768,016
Public safety	38,629,924	41,849,456	(3,219,532)
Sewers	8,513,371	7,827,969	685,402
Highways and streets	2,345,323	2,233,047	112,276
Health and sanitation	6,880,325	6,691,167	189,158
Community development	3,518,314	1,062,767	2,455,547
Street lights, electric, parking	3,471,127	3,365,707	105,420
Leisure services and parks	2,534,770	2,572,312	(37,542)
Library contributions	1,472,224	1,436,316	35,908
Interest on long-term debt	722,320	661,852	60,468
Post employment benefits	7,949,803	10,062,908	(2,113,105)
Non-allocated depreciation	60,533	60,533	-
<b>TOTAL EXPENSES</b>	<u>91,835,478</u>	<u>91,793,462</u>	<u>42,016</u>
CHANGE IN NET POSITION	(5,091,686)	(8,829,308)	\$ <u>3,737,622</u>
NET POSITION, BEGINNING OF YEAR	<u>(342,223,916)</u>	<u>(333,394,608)</u>	
NET POSITION, END OF YEAR	\$ <u>(347,315,602)</u>	\$ <u>(342,223,916)</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, 2021

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary adjustments and supplemental appropriations in 2021 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, 2021, totals \$32,499,641. 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)***

	Governmental Activities
Land	\$ 4,638
Construction in progress	39
Buildings and improvements	3,054
Land improvements	2,497
Machinery and equipment	1,556
Vehicles	4,463
Infrastructure	<u>16,253</u>
TOTAL	\$ <u>32,500</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 2021, the Township had \$346,503,956 (see Figure A-2) in outstanding debt. The debt service due within one year on general obligation bonds and notes is \$890,000. This debt also includes \$17,415,341 in net pension liability and \$312,458,372 in net OPEB liability.

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2021

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**Figure A-2**  
**Outstanding Long-Term Liabilities**

General obligation bonds and notes	\$ <u>23,588,638</u>
Compensated absences	\$ <u>3,365,310</u>
Net pension liabilities	\$ <u>17,415,341</u>
Total OPEB liabilities	\$ <u>312,458,372</u>

**ECONOMIC FACTORS IMPACTING FUTURE BUDGETS**

At the close of 2021, Mayor Barbarann Keffer was two years into her tenure as Mayor of Upper Darby Township and had built a strong team, modernized government operations, and made historic investments in Upper Darby all under the impossible and unprecedented circumstances of a global pandemic and a generational transition in the government.

It is the primary mission of the Keffer administration to be “a world class provider of municipal services and a destination community for residents and businesses, with welcoming neighborhoods, thriving business districts, and vibrant public spaces, by modernizing, reinvesting in and revitalizing our community.”

To accomplish these goals, the Township needs a workforce that is well-trained, customer-oriented, and reflective of Upper Darby’s diversity. It needs effective technology; efficient processes; and well-managed relationships with contractors and vendors. Underlying all of this is having the financial stability to compensate its employees now, fund retiree benefits, and make sufficient investments in the infrastructure, including vehicles, roads, and facilities.

As of the 2020 census, Upper Darby had a total population of 85,681. The Township owns 128 miles of roads, eight bridges, and three municipal buildings. Township government is also responsible for maintaining many of the vibrant parks, playgrounds, and recreation areas that residents, businesses, and visitors use every day.

The Township is home to successful businesses of different sizes, types, and customer bases that provide employment opportunities; shopping, dining, and entertainment experiences; and economic activity. Business success can be measured in different ways - gross receipts, employment, and investments in property improvements, eventually translating into increased tax and fee revenues for the Township.

Upper Darby sits just seven miles from Philadelphia International Airport and the 30th Street Amtrak Station. Multi-modal transportation connections are a competitive advantage for Upper Darby, where residents and commuters use the road networks, trains, trolleys and buses for leisure and business.

When the tax base grows – rising resident income, higher assessed value of taxable property, more people working in Upper Darby – it correlates with a better quality of life for Upper Darby’s residents, and is a foundation for financial health.

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2021

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The Keffer administration's list of accomplishments, positive projects, and strategic plans initiated include:

- the Upper Darby Police Department achieving accreditation by the Pennsylvania Law Enforcement Accreditation Commission
- the Upper Darby Fire Department receiving an improved Public Protection Classification rating (a 2 on a scale from 1 to 10, with 1 being the best possible score) from the Insurance Services Office, which may help homeowners get a lower fire insurance rate
- engaging a well-respected professional accounting firm, Brinker Simpson, to oversee financial operations and perform departmental business reviews
- contracting with eCollect, to pursue collections of delinquent business and mercantile taxes
- contracting with Portnoff Collection for tax collection including delinquent municipal taxes (which previously went to the county after two years of delinquency)
- engaging ProChamps to implement registration fees for Vacant Properties
- implementing a user fee/insurance reimbursement for Upper Darby Fire Department services
- adopting the 2015 International Fire Code and developing a commercial fire code inspection program
- implementing a Real Estate Transfer Tax, resulting in a 0.75% tax on the value of the real estate to be paid to the Township
- modernizing the Township's website and streamlining Township services online
- launching comprehensive plans for parks, open spaces, and libraries
- hiring the most qualified and diverse group of police officers in its history
- implementing a comprehensive commercial fire code inspection program and annual inspection fee
- development of an Open Space Plan and the acquisition of open space and strategic operations land, attracting an unprecedented level of grant funding for Township initiatives
- implementing a new financial administrative system OpenGov's Core Financials, to be followed by Reporting & Transparency, Planning & Budget, Permits, Licenses & Code Enforcement and supporting modules
- implementing major improvements at Gillespie Park (including the township's first recreational trail) Second Ward Playground and Drexel Gardens Park
- creating "Clean Communities", a property maintenance plan, to improve both Township and private property conditions
- adding solar panels and EV charging stations to municipal facilities

Like many Pennsylvania municipalities, Upper Darby has a structural deficit where recurring expenditures grow faster than recurring revenues. Upper Darby's population makes it one of the largest municipalities in the Commonwealth, ahead of the cities like Scranton (population of approximately 77,000) and Bethlehem (population approximately 56,000).

The General Fund is the primary means for funding police, fire, and most daily services other than those associated utilities or road maintenance. The Township uses the Sinking Fund to receive a portion of the real estate tax revenue and then make annual payments for its debt service. Upper Darby Township depends heavily on real estate tax revenue to fund its daily operations and cover its scheduled debt payments. This tax accounts for 67.5 percent of total budgeted General and Sinking fund revenues in 2023. While it is not unusual for a Pennsylvania municipality to receive a large portion of its revenue from the real estate tax, Upper Darby is more reliant on this source of revenue than other large municipalities because the Township does not currently levy a wage or earned income tax (EIT) on its residents or commuters who work in Upper Darby. While still in the very earliest stages of exploration, a tax of this type may be considered for the future.



**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2021

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The largest source of non-tax revenue is the Township's sanitation fees for solid waste and recycling services, which account for 10 percent of the total revenue budget. Other revenue sources include licenses, permits, and fees such as business privilege and mercantile taxes levied on gross receipts from businesses; local service taxes on most people who work in Upper Darby; and the realty transfer tax that was first levied in 2022. Revenue also includes the Township's state pension aid, grants and reimbursements including funding from federal Housing and Urban Development (HUD) grants.

Most of the Township's employees belong to one of four bargaining units: the Fraternal Order of Police (FOP), International Association of Firefighters (IAFF), Office and Professional Employees International Union (OPEIU), and Transport Workers Union (TWU). Across the board (ATB) salary and wage increases for covered employees are set by collective bargaining agreements between the unions and the Township. With many labor-intensive services like police patrol, fire suppression, and code enforcement, personnel expenditures account for most of Upper Darby Township's budget. The 2023 budget includes \$66.2 million for employee cash compensation, health insurance, pension contributions, and other personnel costs, or 78.6 percent of the total General and Sinking Fund budget. The remaining 21.4 percent expenditures covers the Township's debt and mostly fixed operating expenses, like refuse disposal fees, equipment maintenance and contracted services. In recognition of the importance of careful spending, the 2023 budget includes a one million dollar expense reduction as identified by the Keffer administration and Township Council across several working sessions.

Upper Darby Township is the recipient of nearly 41.7 million dollars from the American Rescue Plan Act (ARPA) of 2021 in response to the COVID-19 emergency, designated for the purpose of providing funds toward a strong, resilient, and equitable recovery that supports long-term growth and opportunity. Upper Darby has allocated 21 million dollars to COVID-19 relief and negative economic impacts, public safety, critical infrastructure projects, including sewer and storm water infrastructure as well as open space acquisition and park improvements. It is proposed that the remaining funds be allocated to capital projects that involve the rehabilitation, replacement, or renovation of existing assets or purchase of new assets.

In the final year of her term, it is the mission of Mayor Keffer and her team to provide a roadmap for economic stability for Upper Darby. The administration is committed to a clean, safe, and engaging Upper Darby for residents, businesses, and visitors and to identifying new and significant sources of revenue aimed at reinvesting and revitalizing the community. The Mayor continues to identify partners in the private sector, community organizations and other levels of government who can help advance this goal and is focusing on an assessment of the major obstacles to achieving this mission, developing actionable, prioritized goals, and identifying a manageable number of strategies that the Township government itself can implement to advance the mission of overall fiscal strength and sustainability of the community.

### **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, 2021

	Primary	Component Units	
	Governmental Activities	UD Township and Sellers Memorial Library	Weed and Seed, Inc. Center for Family Safety
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,813,249	\$ 456,930	\$ 40,016
Investments	1,025,671	37,274	-
Receivables			
Real estate taxes	3,532,049	-	-
Other	7,406,492	-	-
Due from other entities	-	-	8,310
Prepaid items	28,466	33,920	-
Due from other governmental agencies	478,683	-	-
Capital assets			
Non depreciable capital assets	4,676,746	464,384	-
Depreciable capital assets	27,822,895	626,517	-
<b>TOTAL ASSETS</b>	<b>77,784,251</b>	<b>1,619,025</b>	<b>48,326</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	343,436	-	-
Deferred outflows of resources, pension activity	13,162,424	-	-
Deferred outflows of resources, OPEB activity	68,394,056	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>81,899,916</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>159,684,167</b>	<b>1,619,025</b>	<b>48,326</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2,433,861	44,529	-
Other liabilities	2,101,629	-	-
Due to other entities	8,310	-	-
Unearned grant revenue	20,880,969	-	-
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	890,000	-	-
Portion due or payable after one year			
Bonds and notes payable, non-current	22,698,638	-	-
Compensated absences	3,365,310	71,869	-
Total OPEB liability	312,458,372	-	-
Net pension liability	17,415,341	-	-
<b>TOTAL LIABILITIES</b>	<b>382,252,430</b>	<b>116,398</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension activity	26,354,431	-	-
Deferred inflows of resources, OPEB activity	98,392,908	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>124,747,339</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	16,533,146	-	-
Restricted	3,174,933	8,000	-
Unrestricted	(367,023,681)	1,494,627	48,326
<b>TOTAL NET POSITION</b>	<b>\$ (347,315,602)</b>	<b>\$ 1,502,627</b>	<b>\$ 48,326</b>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
General government	\$ 15,737,444	\$ 156,370	\$ -
Public safety	38,629,924	2,558,797	101,049
Sewer	8,513,371	7,994,831	-
Highway and streets	2,345,323	-	1,871,457
Health and sanitation	6,880,325	6,555,420	-
Community development	3,518,314	23,150	3,790,078
Street lights, electric, parking and public works	3,471,127	672,568	-
Leisure services, COSA and parks	2,534,770	1,142,384	431,527
Library contributions	1,472,224	-	-
Interest of long-term debt	722,320	-	-
Other postemployment benefits	7,949,803	-	-
Non-allocated depreciation	60,533	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>91,835,478</b>	<b>19,103,520</b>	<b>6,194,111</b>
<b>COMPONENT UNITS</b>			
UD Township and Sellers Memorial Library	1,669,332	28,684	1,795,930
Weed and Seed Center for Family Safety	42	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,669,374</b>	<b>28,684</b>	<b>1,795,930</b>
	<b>\$ 93,504,852</b>	<b>\$ 19,132,204</b>	<b>\$ 7,990,041</b>

**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 (loss) on disposition of capital assets

**TOTAL GENERAL REVENUES**

**CHANGE IN NET POSITION**

**NET POSITION AT BEGINNING OF YEAR**

**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	Component Units		
	Primary Government	UD Township Sellers Memorial Library	Weed and Seed, Inc. Center for Family Safety
\$ -	\$ (15,581,074)	\$ -	\$ -
-	(35,970,078)	-	-
-	(518,540)	-	-
-	(473,866)	-	-
-	(324,905)	-	-
-	294,914	-	-
-	(2,798,559)	-	-
-	(960,859)	-	-
-	(1,472,224)	-	-
-	(722,320)	-	-
-	(7,949,803)	-	-
-	(60,533)	-	-
-	(66,537,847)	-	-
-	-	155,282	-
-	-	-	(42)
-	-	155,282	(42)
\$ -	(66,537,847)	155,282	(42)
	55,510,123	-	-
	2,942,401	-	-
	1,223,529	-	-
	1,446,526	-	-
	116,838	-	-
	38,259	501	1
	162,476	-	-
	6,009	-	-
	61,446,161	501	1
	(5,091,686)	155,783	(41)
	(342,223,916)	1,346,844	48,367
\$	(347,315,602)	\$ 1,502,627	\$ 48,326

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,473,967	\$ 8,059,754
Investments	1,025,671	-
Receivables		
Real estate taxes	3,374,999	-
Sewer assessments	-	-
Trash	1,998,408	-
Other	939,170	-
Due from other funds	5,255,310	21,615
Due from other governments	101,049	-
Prepaid items	28,466	-
	<u>14,197,040</u>	<u>8,081,369</u>
<b>TOTAL ASSETS</b>	<b>\$ 14,197,040</b>	<b>\$ 8,081,369</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 640,890	\$ 794,918
Accrued payroll and related costs	2,363,624	-
Due to other governments or entities	8,310	-
Due to other funds	6,182,385	7,744
Escrow	493,359	-
Unearned revenue	-	-
	<u>9,688,568</u>	<u>802,662</u>
<b>TOTAL LIABILITIES</b>	<b>9,688,568</b>	<b>802,662</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - taxes, sewer fees and trash fees	<u>4,349,941</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	28,466	-
Restricted	-	7,278,707
Assigned	-	-
Unassigned	130,065	-
	<u>158,531</u>	<u>7,278,707</u>
<b>TOTAL FUND BALANCES</b>	<b>158,531</b>	<b>7,278,707</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,197,040</b>	<b>\$ 8,081,369</b>

*See accompanying notes to the basic financial statements.*

<u>Debt Service Fund</u>	<u>ARPA Fund</u>	<u>Sewer Rental Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 20,880,969	\$ -	\$ 2,398,559	\$ 32,813,249
-	-	-	-	1,025,671
157,050	-	-	-	3,532,049
-	-	4,095,517	-	4,095,517
-	-	-	-	1,998,408
-	-	-	373,397	1,312,567
1,361,281	-	5,276,005	1,721	11,915,932
-	-	350,967	26,667	478,683
-	-	-	-	28,466
<u>\$ 1,518,331</u>	<u>\$ 20,880,969</u>	<u>\$ 9,722,489</u>	<u>\$ 2,800,344</u>	<u>\$ 57,200,542</u>
\$ -	\$ -	\$ 198,428	\$ 10,358	\$ 1,644,594
-	-	13,082	20,831	2,397,537
-	-	-	-	8,310
-	-	4,483,308	1,242,495	11,915,932
-	-	-	-	493,359
-	20,880,969	-	-	20,880,969
<u>-</u>	<u>20,880,969</u>	<u>4,694,818</u>	<u>1,273,684</u>	<u>37,340,701</u>
<u>138,122</u>	<u>-</u>	<u>3,650,652</u>	<u>-</u>	<u>8,138,715</u>
-	-	-	-	28,466
1,380,209	-	-	1,794,724	10,453,640
-	-	1,377,019	3,056	1,380,075
-	-	-	(271,120)	(141,055)
<u>1,380,209</u>	<u>-</u>	<u>1,377,019</u>	<u>1,526,660</u>	<u>11,721,126</u>
<u>\$ 1,518,331</u>	<u>\$ 20,880,969</u>	<u>\$ 9,722,489</u>	<u>\$ 2,800,344</u>	<u>\$ 57,200,542</u>

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 11,721,126
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.	32,499,641
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.	8,138,715
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.	343,436
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.	(13,192,007)
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.	(29,998,852)
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, 2021 are as follows:	
Bonds and notes payable, net of bond discounts and premiums	(23,588,638)
Net pension liability	(17,415,341)
Total OPEB liability	(312,458,372)
Compensated absences	<u>(3,365,310)</u>
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES (PAGE 16)	\$ <u><u>(347,315,602)</u></u>

*See accompanying notes to the basic financial statements.*

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**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>
<b>REVENUES</b>		
Taxes and assessments		
Property	\$ 53,238,627	\$ -
Sewer rentals/penalties and interest	-	-
Local enabling act taxes	2,942,401	-
Licenses and permits	3,298,542	-
Fines	595,960	-
Rent	159,321	-
Investment earnings	33,545	2,815
Public utility realty tax	116,838	-
Intergovernmental	3,340,137	-
Delaware County Office of Services for the Aging (COSA)	326,080	-
Departmental earnings	8,899,186	-
Joint projects with other municipalities	-	-
Pennsylvania contribution for pension and ad hoc	2,633,708	-
Volunteer firemen allocation	171,678	-
Other revenue	565,169	-
<b>TOTAL REVENUES</b>	<u>76,321,192</u>	<u>2,815</u>
<b>EXPENDITURES</b>		
General government	14,304,892	1,316,813
Public Safety	46,288,757	718,489
Sewer	-	-
Highways and streets	-	1,209,341
Health and sanitation	7,439,726	79,222
Community development	3,823,526	-
Street lights, electric, parking and public works	3,162,620	451,065
Leisure services, COSA and parks	2,342,822	91,797
Volunteer fire allocation	171,678	-
Municipal pension contribution	2,000,610	-
Library contribution	1,472,224	-
Debt service		
Principal	-	-
Interest	38,778	-
Debt issuance costs	-	441,987
<b>TOTAL EXPENDITURES</b>	<u>81,045,633</u>	<u>4,308,714</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,724,441)</u>	<u>(4,305,899)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Debt proceeds	-	9,165,000
Proceeds from refunding bonds	-	13,630,000
Premium on refunding bonds issued	-	832,669
Payment to refunded bond escrow agent	-	(13,390,699)
Transfers in	2,592,694	-
Transfers out	-	-
Proceeds from sale of capital assets	32,063	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,624,757</u>	<u>10,236,970</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,099,684)	5,931,071
FUND BALANCES AT BEGINNING OF YEAR	<u>2,258,215</u>	<u>1,347,636</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 158,531</u>	<u>\$ 7,278,707</u>

*See accompanying notes to the basic financial statements.*

Debt Service Fund	ARPA Fund	Sewer Rental Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 2,671,385	\$ -	\$ -	\$ -	\$ 55,910,012
-	-	8,144,655	-	8,144,655
-	-	-	-	2,942,401
-	-	-	-	3,298,542
-	-	-	-	595,960
-	-	-	-	159,321
-	-	-	1,997	38,357
-	-	-	-	116,838
-	-	-	1,907,103	5,247,240
-	-	-	-	326,080
-	-	-	-	8,899,186
-	-	1,446,526	-	1,446,526
-	-	-	-	2,633,708
-	-	-	-	171,678
-	-	-	-	565,169
<u>2,671,385</u>	<u>-</u>	<u>9,591,181</u>	<u>1,909,100</u>	<u>90,495,673</u>
-	-	-	-	15,621,705
-	-	-	-	47,007,246
-	-	8,392,034	121,155	8,513,189
-	-	-	1,673,144	2,882,485
-	-	-	-	7,518,948
-	-	-	-	3,823,526
-	-	-	-	3,613,685
-	-	-	-	2,434,619
-	-	-	-	171,678
-	-	-	-	2,000,610
-	-	-	-	1,472,224
1,880,000	-	-	-	1,880,000
318,873	-	-	-	357,651
-	-	-	-	441,987
<u>2,198,873</u>	<u>-</u>	<u>8,392,034</u>	<u>1,794,299</u>	<u>97,739,553</u>
<u>472,512</u>	<u>-</u>	<u>1,199,147</u>	<u>114,801</u>	<u>(7,243,880)</u>
-	-	-	-	9,165,000
-	-	-	-	13,630,000
-	-	-	-	832,669
-	-	-	-	(13,390,699)
-	-	-	-	2,592,694
-	-	(2,592,694)	-	(2,592,694)
-	-	-	-	32,063
<u>-</u>	<u>-</u>	<u>(2,592,694)</u>	<u>-</u>	<u>10,269,033</u>
472,512	-	(1,393,547)	114,801	3,025,153
<u>907,697</u>	<u>-</u>	<u>2,770,566</u>	<u>1,411,859</u>	<u>8,695,973</u>
<u>\$ 1,380,209</u>	<u>\$ -</u>	<u>\$ 1,377,019</u>	<u>\$ 1,526,660</u>	<u>\$ 11,721,126</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, 2021**

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NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,025,153

The change in net position reported for governmental activities in the statement of activities is different because:

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. 684,357

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets. (26,054)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (549,713)

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. (8,279,652)

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.

Compensated absences (10,140)  
Net pension expense 11,386,262  
Net OPEB expense (11,321,899)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (5,091,686)

*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, 2021

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	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,451,407
Investments (at market value)	236,772,127
Interest receivable	109,514
Prepaid expense	2,974
Contribution receivable	<u>83,079</u>
TOTAL ASSETS	<u>245,419,101</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Benefits payable	<u>46,165</u>
<b>NET POSITION</b>	
Restricted for pensions	<u>\$ 245,372,936</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, 2021

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employee	\$ 9,058,764
Employer	2,007,612
Other	1,285
TOTAL CONTRIBUTIONS	<u>11,067,661</u>
Investment income	
Net appreciation in fair value of investments	23,213,317
Investment earnings	5,195,384
TOTAL INVESTMENT EARNINGS	<u>28,408,701</u>
Less investment expense	<u>(543,017)</u>
NET INVESTMENT EARNINGS	<u>27,865,684</u>
TOTAL ADDITIONS	<u>38,933,345</u>
DEDUCTIONS	
Benefit payments	14,749,460
Administrative expenses	432,555
TOTAL DEDUCTIONS	<u>15,182,015</u>
CHANGE IN NET POSITION	23,751,330
NET POSITION - BEGINNING	<u>221,621,606</u>
NET POSITION - ENDING	<u>\$ 245,372,936</u>

*See accompanying notes to the basic financial statements.*

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**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,  
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**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;

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**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: ARP, and Sewer Rental (major funds), as well as the Highway Aid, 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.



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**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.

***Major Funds***

The Township reports the following major governmental funds:

- General
- Sewer Rental
- Debt Service
- ARPA
- Capital Projects

***Non-Major Funds***

The Township reports the following non-major funds:

- Community Development Grants
- Highway Aid
- Sewer Rental Capital
- Upper Darby Football Bowl

**TOWNSHIP OF UPPER DARBY,  
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**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,  
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**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,  
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**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, 2021. 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**  
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**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 methods of measurement 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**  
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**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,  
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**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 differences between expected and actual experience and changes in assumptions.

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
NOTES TO FINANCIAL STATEMENTS  
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**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 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,  
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**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,  
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**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, 2021. 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, 2021, the carrying amount of the primary government's deposits was \$32,813,249 and the bank balance was \$36,037,175, of which \$959,901 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$35,077,274 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 \$22,398,893 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, 2021, the Township's deposits in the state investment pool were rated AAAM by Standard & Poor's.

***Pension Trust Funds***

As of December 31, 2021, the carrying amount and bank balance of the Pension Trust Funds deposits was \$8,451,407, of which \$500,000 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$7,951,407 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**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, 2021, the Township had the following investments:

	Carrying Amount	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
FIDUCIARY FUNDS					
Domestic equity mutual funds	\$ 126,162,268	\$ 126,162,268	\$ -	\$ -	\$ -
Fixed income mutual funds	55,475,795	55,475,795	-	-	-
U.S. Treasury and federal agency bonds and notes	5,557,311	-	3,621,992	1,050,371	884,948
Corporate bonds	4,310,905	121,438	2,419,472	1,769,995	-
Domestic stocks	45,265,848	45,265,848	-	-	-
<b>TOTAL FIDUCIARY FUNDS</b>	<b>\$ 236,772,127</b>	<b>\$ 227,025,349</b>	<b>\$ 6,041,464</b>	<b>\$ 2,820,366</b>	<b>\$ 884,948</b>

The General Fund also had \$1,025,671 held in certificates of deposit. The certificates of deposit mature in 2022 and are valued at amortized cost.

***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, U.S. Treasury and federal agency bonds and notes and certificates of deposit. Corporate bonds and U.S. Treasury and federal agency bonds and notes 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.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

Police Pension Fund	\$ 110,268,264
Municipal Employees' Pension Fund	80,370,929
Firefighters' Pension Fund	<u>46,132,934</u>
Total Investments	<u>\$ 236,772,127</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, 2021, 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 \$456,930 and the bank balance was \$459,027, of which the \$272,199 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, 2021, the carrying value of the investments were \$37,274.

The Upper Darby Township Weed and Seed, Inc., Center for Family Safety carrying amount of bank deposits was \$40,016 and the bank balance was \$40,099 of which the entire balance is covered by the FDIC.

**TOWNSHIP OF UPPER DARBY,  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - ACCOUNTS RECEIVABLE**

The following is a schedule of the Township's accounts receivables as of December 31, 2021:

	General Fund	Debt Service Fund	Sewer Rental Fund	Sewer Rental Capital Fund	Non-major Funds	Total
Real estate taxes	\$ 4,699,057	\$ 223,730	\$ -	\$ -	\$ -	\$ 4,922,787
Sewer rental fees	-	-	5,850,595	-	-	5,850,595
Ash and rubbish fees	4,996,021	-	-	-	-	4,996,021
Grants receivable	193,421	-	-	-	373,397	566,818
Cable franchise	183,255	-	-	-	-	183,255
Local service tax	193,418	-	-	-	-	193,418
Other governments	101,049	-	350,967	26,667	-	478,683
Other	369,076	-	-	-	-	369,076
Less: allowance for doubtful accounts	(4,321,671)	(66,680)	(1,755,078)	-	-	(6,143,429)
	<u>\$ 6,413,626</u>	<u>\$ 157,050</u>	<u>\$ 4,446,484</u>	<u>\$ 26,667</u>	<u>\$ 373,397</u>	<u>\$ 11,417,224</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, 2021. A 2% discount was allowed if payment was made by March 31, 2021. 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 \$13.25 per \$1,000 of assessed valuation. The penalty period begins June 1<sup>st</sup> of each year. A ten percent penalty is assessed at that point. Taxes are returned to the County for collection after February 28<sup>th</sup> 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 \$1,390,738 as of December 31, 2021. 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 2021 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,  
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 NOTES TO FINANCIAL STATEMENTS  
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**NOTE C - ACCOUNTS RECEIVABLE (Continued)**

***Sewer Rental***

Receivables from sewer rental fees include \$1,429,619 outstanding from 2021 and \$4,420,976 outstanding from 2020 and prior years for a total of \$5,850,595 as of December 31, 2021. An allowance for uncollectible accounts has been established at 30 percent of the balance of fees owed as of December 31, 2021, in the amount of \$1,755,078. 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 \$350,967 for from other municipalities for sewer rental charges up to December 31, 2021.

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 AND TRANSFERS**

The following is a schedule of interfund receivables and payables at December 31, 2021:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 5,255,310	\$ 6,182,385
Sewer Rental Fund	5,276,005	4,483,308
Highway Aid Fund	1,721	133,623
Debt Service Fund	1,361,281	-
Community Development Funds	-	630,635
Capital Projects Funds	21,615	7,744
Sewer Rental Capital Fund	-	478,237
	<u>\$ 11,915,932</u>	<u>\$ 11,915,932</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,  
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**NOTE D - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)**

The following is a schedule of interfund transfers at December 31, 2021:

Fund Transfer To	Fund Transferred From	Amount
General Fund	Sewer Rental Fund	\$ <u>2,592,694</u>

During the year transfers are used to (1) move funds to the debt service fund to pay debt service principal and interest for the year and (2) move resources to support operations.

**NOTE E - CAPITAL ASSETS**

The following is a summary of capital asset activity for 2021:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>GOVERNMENTAL ACTIVITIES</b>				
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	<u>4,676,746</u>	<u>-</u>	<u>-</u>	<u>4,676,746</u>
Capital assets being depreciated				
Buildings and improvements	18,010,553	62,199	-	18,072,752
Land improvements	2,729,013	375,419	-	3,104,432
Machinery and equipment	4,102,733	826,577	-	4,929,310
Vehicles	15,773,318	772,362	(806,156)	15,739,524
Infrastructure	33,119,782	915,043	-	34,034,825
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>73,735,399</u>	<u>2,951,600</u>	<u>(806,156)</u>	<u>75,880,843</u>
Less accumulated depreciation for				
Buildings and improvements	(14,831,714)	(187,310)	-	(15,019,024)
Land improvements	(405,142)	(202,022)	-	(607,164)
Machinery and equipment	(3,082,836)	(290,013)	-	(3,372,849)
Vehicles	(11,353,432)	(703,415)	780,102	(11,276,745)
Infrastructure	(16,897,684)	(884,482)	-	(17,782,166)
TOTAL ACCUMULATED DEPRECIATION	<u>(46,570,808)</u>	<u>(2,267,242)</u>	<u>780,102</u>	<u>(48,057,948)</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 31,841,337</u>	<u>\$ 684,358</u>	<u>\$ (26,054)</u>	<u>\$ 32,499,641</u>

**TOWNSHIP OF UPPER DARBY,  
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**NOTE E - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Council	\$ 900
Administration	233,688
Police	233,051
Fire	316,612
Licenses and inspections	10,590
Health	10,543
Sanitation	145,302
Sewer	110,317
Public Works	676,856
Electric	283,620
Parking meter	5,230
Leisure services	53,331
Parks	122,441
COSA	4,228
General	<u>60,533</u>
	<u>\$ 2,267,242</u>

***Component Unit***

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

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>COMPONENT UNITS</b>				
Capital assets not being depreciated				
Land and non-depreciable historical site	\$ 464,384	\$ -	\$ -	\$ 464,384
Capital assets being depreciated				
Buildings and improvements	531,335	-	-	531,335
Land improvements	174,211	12,925	-	187,136
Furniture and equipment	450,850	2,332	-	453,182
Library books and material	924,411	79,504	(97,944)	905,971
	<u>2,545,191</u>	<u>94,761</u>	<u>(97,944)</u>	<u>2,542,008</u>
Less accumulated depreciation	<u>(1,436,216)</u>	<u>(112,835)</u>	<u>97,944</u>	<u>(1,451,107)</u>
	<u>\$ 1,108,975</u>	<u>\$ (18,074)</u>	<u>\$ -</u>	<u>\$ 1,090,901</u>



**TOWNSHIP OF UPPER DARBY,  
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**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 two bond issues outstanding, maturing in 2037 and 2040, for a total remaining indebtedness of \$22,795,000. Funds to repay bonded indebtedness (aside from that relative to the Sewer related remaining indebtedness) are derived through property taxes at the rate of 0.63 mills and are accounted for through the Debt Service 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 2040, is as follows:

<u>Date of Issue</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>
April 8, 2021	General Obligation	2.000-4.000%	\$ 9,165,000 (a)
April 8, 2021	General Obligation	0.276-2.826%	<u>13,630,000 (b)</u>
			<u>\$ 22,795,000</u>

Additional information on the above borrowings is as follows:

- (a) In 2021 General Obligation Bond Series of 2021 was issued in the amount of \$9,165,000, carrying an interest rate of 2.0 to 4.0% with a maturity date of May 2040. The proceeds will be used to finance the acquisition of capital assets.
- (b) In 2021 General Obligation Bond Series A of 2021 was issued in the amount of \$13,630,000 carrying variable interest rates ranging from 2 to 4%, maturing in May 2037. The proceeds will be used to advance refund a portion of the Township’s outstanding General Obligation Bonds, Series of 2016 and Series of 2017. The refunding resulted in a decrease in future cash flows of \$441,412, and an economic loss of \$735,699. Defeased debt still outstanding at December 31, 2021 is \$6,575,00 and \$6,080,000 for the General Obligation Bonds, Series of 2016 and Series of 2017, respectively.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE F - LONG-TERM DEBT (Continued)**

Long-term liability activity is as follows:

	Balance December 31, 2020	Increase	Decrease	Balance December 31, 2021	Amount Due Within One Year
Governmental activities					
General obligation bonds	\$ -	\$ 22,795,000	\$ -	\$ 22,795,000	\$ 890,000
General obligation notes	14,535,000	-	(14,535,000)	-	-
Premiums on bonds and notes	430,550	832,669	(469,581)	793,638	-
Compensated absences	3,355,170	10,140	-	3,365,310	-
Net pension liability	27,766,006	-	(10,350,665)	17,415,341	-
Net OPEB liability	300,847,780	11,610,592	-	312,458,372	-
	<u>\$ 346,934,506</u>	<u>\$ 35,248,401</u>	<u>\$ (25,355,246)</u>	<u>\$ 356,827,661</u>	<u>\$ 890,000</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
2022	\$ 890,000	\$ 565,491	\$ 1,455,491
2023	1,465,000	550,476	2,015,476
2024	1,475,000	529,064	2,004,064
2026	1,505,000	504,360	2,009,360
2026	1,525,000	479,987	2,004,987
2027-2031	6,175,000	1,961,704	8,136,704
2032-2036	5,305,000	1,226,146	6,531,146
2037-2040	4,455,000	342,865	4,797,865
	<u>\$ 22,795,000</u>	<u>\$ 6,160,093</u>	<u>\$ 28,955,093</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.

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**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, 2020, the Township incurred \$99,593 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>	
2022	\$ 99,690
2023	102,518
2024	99,438
2025	71,838
2026	71,838
Thereafter	<u>320,761</u>
	<u>\$ 766,083</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,  
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**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. 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.

**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.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Plan Membership** - As of January 1, 2021, the date of the latest available actuarial valuation, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	153
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>130</u>
	<u>284</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.

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.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

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.

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.

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

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 2021, the MMO obligation for the Police Pension Plan was \$4,514,170, which was contributed by the Township at December 31, 2021.

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.

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

<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, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Net Pension Liability of the Township** - The components of the net pension liability of the Township at December 31, 2021, were as follows:

Total pension liability	\$ 123,283,169
Plan fiduciary net position	<u>(113,726,256)</u>
Net pension liability	<u>\$ 9,556,913</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.25%</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, 2021. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2021. 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%

Mortality rates were based on the Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021.

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



**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

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, 2021 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%

**Changes in Assumptions** - The mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment projected to 2019 with Scale AA to the Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021.

**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.

**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**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, 2020	\$ 114,230,202	\$ 102,685,436	\$ 11,544,766
Changes for the year			
Service cost	3,858,603	-	3,858,603
Interest	8,328,007	-	8,328,007
Changes in assumption	114,833	-	114,833
Differences between expected and actual experience	4,296,525	-	4,296,525
Contributions			
Employer	-	4,514,170	(4,514,170)
Member	-	848,134	(848,134)
Net investment income	-	13,603,188	(13,603,188)
Benefit payments	(7,545,001)	(7,545,001)	-
Administrative expenses	-	(379,671)	379,671
Net changes	<u>9,052,967</u>	<u>11,040,820</u>	<u>(1,987,853)</u>
Balances at December 31, 2021	<u>\$ 123,283,169</u>	<u>\$ 113,726,256</u>	<u>\$ 9,556,913</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 7.25% 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net pension liability	\$ <u>24,296,938</u>	\$ <u>9,556,913</u>	\$ <u>(2,735,649)</u>

**TOWNSHIP OF UPPER DARBY,  
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**NOTE J - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2021, the Township recognized a pension expense of \$487,059 for the Police Pension Plan. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,472,220	\$ 135,389
Changes in assumptions	1,224,111	1,289,337
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>11,824,726</u>
	<u>\$ 4,696,331</u>	<u>\$ 13,249,452</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:

<u>Year Ending December 31,</u>	
2022	\$ (2,720,618)
2023	(3,729,327)
2024	(1,842,861)
2025	(429,978)
2026	169,663
Thereafter	-

**TOWNSHIP OF UPPER DARBY,  
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**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, 2021, the date of the latest available actuarial valuation, the Non-Uniformed Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	<u>198</u>
	<u><u>365</u></u>

**TOWNSHIP OF UPPER DARBY,  
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**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 2020 measurement period, the active member contribution rate was 6.0 percent of annual pay.

In 2021, the MMO obligation for the Non-Uniformed Pension Plan was \$2,000,610 which was contributed by the Township to the Plan as of December 2021.

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**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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
US / International Equity	60.00%
Fixed income	38.00%
Real estate/Alternative	0.00%
Cash	<u>2.00%</u>
	<u><u>100.00%</u></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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Township** - The components of the net pension liability of the Township at December 31, 2021, were as follows:

Total pension liability	\$ 86,737,528
Plan fiduciary net position	<u>(83,012,117)</u>
Net pension liability	<u>\$ 3,725,411</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.70%</u>

**TOWNSHIP OF UPPER DARBY,  
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**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,  
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**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 Assumptions** - The mortality improvement scale applied to healthy and disabled lives was updated from the SOA MP-2018 generational mortality improvement scale to the SOA MP-2020 generational mortality improvement scale.

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2020	\$ <u>87,448,327</u>	\$ <u>75,875,574</u>	\$ <u>11,572,753</u>
Changes for the year			
Service cost	1,657,901	-	1,657,901
Interest	6,506,650	-	6,506,650
Differences between expected and actual experience	(3,527,228)	-	-
Changes in assumption	(559,769)	-	-
Contributions			
Employer	-	1,122,707	(1,122,707)
State Aid	-	877,903	(877,903)
Member	-	717,835	(717,835)
Net investment income	-	9,243,000	(9,243,000)
Benefit payments	(4,788,353)	(4,788,353)	-
Administrative expenses	-	(36,549)	36,549
Net changes	<u>(710,799)</u>	<u>7,136,543</u>	<u>(7,847,342)</u>
Balances at December 31, 2021	\$ <u><u>86,737,528</u></u>	\$ <u><u>83,012,117</u></u>	\$ <u><u>3,725,411</u></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.



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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net pension liability	\$ <u>13,449,036</u>	\$ <u>3,725,411</u>	\$ <u>(4,456,083)</u>

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2021, the Township recognized pension expense of (\$1,213,598). At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,013,263	\$ 5,677,851
Changes in assumptions	2,839,187	477,450
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>5,466,282</u>
	<u>\$ 3,852,450</u>	<u>\$ 11,621,583</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:

<u>Year Ending December 31,</u>	
2022	\$ (1,367,815)
2023	(3,145,971)
2024	(1,734,318)
2025	(1,237,202)
2026	(396,098)
Thereafter	112,271

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**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.

As of January 1, 2021, the date of the latest available actuarial valuation, the Firefighters' Defined Contribution Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>54</u>
	<u>87</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,  
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**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 2021, the MMO obligation for the Firefighters' Pension Plan was \$2,543,984 which was contributed by the Township to the Plan as of December 2020.

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.

***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, 2021:

<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, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWNSHIP OF UPPER DARBY,  
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**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, 2021 were as follows:

Total pension liability	\$ 52,767,580
Plan fiduciary net position	<u>(48,634,563)</u>
Net pension liability	<u>\$ 4,133,017</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, 2021. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2021. 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 2020 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, 2021 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,  
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**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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at December 31, 2020	\$ 47,709,083	\$ 43,060,596	\$ 4,648,487
Changes for the year			
Service cost	1,160,084	-	1,160,084
Interest	3,217,125	-	3,217,125
Differences between expected and actual experience	3,097,394	-	3,097,394
Contributions			
Employer	-	2,543,984	(2,543,984)
Member	-	441,643	(441,643)
Net investment income	-	5,019,496	(5,019,496)
Benefit payments	(2,416,106)	(2,416,106)	-
Administrative expenses	-	(15,050)	15,050
Net changes	<u>5,058,497</u>	<u>5,573,967</u>	<u>(515,470)</u>
Balances at December 31, 2021	\$ <u>52,767,580</u>	\$ <u>48,634,563</u>	\$ <u>4,133,017</u>

**TOWNSHIP OF UPPER DARBY,  
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**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	\$ <u>10,431,484</u>	\$ <u>4,133,017</u>	\$ <u>(1,215,815)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2021, the Township recognized a pension expense of \$1,500,361 for the Firefighters' Pension Plan. At December 31, 2021, 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	\$ 3,646,367	\$ 616,692
Changes in assumptions	967,276	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>866,705</u>
	\$ <u>4,613,643</u>	\$ <u>1,483,397</u>

**TOWNSHIP OF UPPER DARBY,  
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**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:

<u>Year Ending</u> <u>December 31,</u>	
2022	\$ 946,492
2023	77,984
2024	734,571
2025	1,371,199

**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,  
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**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, 2021, plan membership consisted of the following:

Active employees	314
Retirees with life insurance	274
Retirees with covered spouses with healthcare	<u>280</u>
	<u>868</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, 2021. Update procedures were used to roll forward to the municipality's fiscal years ending December 31, 2021.

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

**Discount Rate** - 2.25%

**Inflation** - 2.50%

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

**Health Care Cost Trend Rate** - 6.75% in Year 1, decreasing to an ultimate trend rate of 4.50% in Year 10.

**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-2021.

*Non-Uniformed:* Pub-2010 General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2021.



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**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>300,847,780</u>
Changes for the year	
Service cost	12,783,923
Interest	6,314,449
Changes for experience	16,602,597
Changes of assumptions	(17,968,858)
Benefit payments	<u>(6,121,519)</u>
Net changes	<u>11,610,592</u>
Total OPEB liability, ending	\$ <u><u>312,458,372</u></u>

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**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 (1.25 percent) or 1-percentage point higher (3.25 percent) than the current discount rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$ <u>378,496,847</u>	\$ <u>312,458,372</u>	\$ <u>261,443,049</u>

**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	\$ <u>255,319,270</u>	\$ <u>312,458,372</u>	\$ <u>389,913,971</u>

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

For the year ended December 31, 2021, the Township recognized OPEB expense of \$11,321,899. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 70,131,615
Changes in assumptions	<u>68,394,056</u>	<u>28,261,293</u>
	<u>\$ 68,394,056</u>	<u>\$ 98,392,908</u>

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**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 OPEB expense as follows:

<u>Year Ending</u> <u>December 31,</u>	
2022	\$ (4,524,412)
2023	(4,524,412)
2024	(7,444,658)
2025	(5,587,573)
2026	(4,640,700)
Thereafter	(3,277,097)

**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:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Project</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Sewer</u> <u>Rental</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Fund balances						
Nonspendable	\$ 28,466	\$ -	\$ -	\$ -	\$ -	\$ 28,466
Restricted for						
Capital projects	-	7,278,707	-	-	-	7,278,707
Township road maintenance	-	-	-	-	1,794,724	1,794,724
Debt Service	-	-	1,380,209	-	-	1,380,209
Assigned						
Sewer	-	-	-	1,377,019	-	1,377,019
Football Bowl	-	-	-	-	3,056	3,056
Unassigned	<u>130,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,120)</u>	<u>(141,055)</u>
<b>TOTAL FUND</b>						
<b>BALANCES</b>	<u>\$ 158,531</u>	<u>\$ 7,278,707</u>	<u>\$ 1,380,209</u>	<u>\$ 1,377,019</u>	<u>\$ 1,526,660</u>	<u>\$ 11,721,126</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real estate taxes	\$ 53,143,973	\$ 53,143,973	\$ 53,238,627	\$ 94,654
Business taxes	3,085,000	3,085,000	2,942,401	(142,599)
Licenses and permits	3,770,800	3,770,800	3,298,542	(472,258)
Fines	600,000	600,000	595,960	(4,040)
Rent	265,000	265,000	159,321	(105,679)
Investment earnings	120,000	120,000	33,545	(86,455)
Public utility realty tax	60,000	60,000	116,838	56,838
Intergovernmental	2,804,168	2,804,168	3,340,137	535,969
Delaware County Office of Services for the Aging (COSA)	310,000	310,000	326,080	16,080
Departmental charges	8,301,000	8,301,000	8,899,186	598,186
Pennsylvania contribution for pension and ad hoc	2,995,492	2,995,492	2,633,708	(361,784)
Volunteer fire allocation	200,000	200,000	171,678	(28,322)
Other	700,000	700,000	565,169	(134,831)
<b>TOTAL REVENUES</b>	<u>76,355,433</u>	<u>76,355,433</u>	<u>76,321,192</u>	<u>(34,241)</u>
<b>EXPENDITURES</b>				
General government	13,655,163	13,655,163	14,304,892	(649,729)
Public safety	46,444,288	46,444,288	46,288,757	155,531
Health and sanitation	7,539,617	7,539,617	7,439,726	99,891
Community Development	1,785,791	1,785,791	3,823,526	(2,037,735)
Street lights, electric, parking and public works	3,389,817	3,389,817	3,162,620	227,197
Leisure services, COSA and parks	2,719,520	2,719,520	2,342,822	376,698
Volunteer fire allocation	200,000	200,000	171,678	28,322
Municipal pension contribution	2,000,610	2,000,610	2,000,610	-
Library contribution	1,472,224	1,472,224	1,472,224	-
Debt service	-	-	38,778	(38,778)
<b>TOTAL EXPENDITURES</b>	<u>79,207,030</u>	<u>79,207,030</u>	<u>81,045,633</u>	<u>(1,838,603)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,851,597)</u>	<u>(2,851,597)</u>	<u>(4,724,441)</u>	<u>(1,872,844)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,592,694	2,592,694
Proceeds from sale of capital assets	20,000	20,000	32,063	12,063
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>20,000</u>	<u>20,000</u>	<u>2,624,757</u>	<u>2,604,757</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,831,597)</u>	<u>(2,831,597)</u>	<u>(2,099,684)</u>	<u>731,913</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>2,258,215</u>	<u>2,258,215</u>	<u>2,258,215</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ (573,382)</u>	<u>\$ (573,382)</u>	<u>\$ 158,531</u>	<u>\$ 731,913</u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sewer rentals, penalties and interest	\$ 8,400,000	\$ 8,400,000	\$ 8,144,655	\$ (255,345)
Grants and entitlements	25,000	25,000	-	(25,000)
Joint projects other municipalities	1,875,000	1,875,000	1,446,526	(428,474)
TOTAL REVENUES	<u>10,300,000</u>	<u>10,300,000</u>	<u>9,591,181</u>	<u>(708,819)</u>
EXPENDITURES				
Sewer	7,813,513	6,825,013	8,392,034	(1,567,021)
TOTAL EXPENDITURES	<u>7,813,513</u>	<u>6,825,013</u>	<u>8,392,034</u>	<u>(1,567,021)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,486,487</u>	<u>3,474,987</u>	<u>1,199,147</u>	<u>(2,275,840)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(2,592,694)	(2,592,694)
NET CHANGE IN FUND BALANCES	2,486,487	3,474,987	(1,393,547)	(4,868,534)
FUND BALANCES AT BEGINNING OF YEAR	<u>2,770,566</u>	<u>2,770,566</u>	<u>2,770,566</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,257,053</u>	<u>\$ 6,245,553</u>	<u>\$ 1,377,019</u>	<u>\$ (4,868,534)</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, 2021**

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**NOTE 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.

**NOTE 2 - REVENUE AND EXPENSE VARIANCES**

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

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**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>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 3,858,603	\$ 4,208,914	\$ 4,069,721
Interest	8,328,007	7,685,231	7,321,920
Changes for experience	4,296,525	3,248	(285,059)
Changes of assumptions	114,833	(258,094)	2,551,487
Benefit payments, including refunds of member contributions	<u>(7,545,001)</u>	<u>(6,824,575)</u>	<u>(5,936,319)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	9,052,967	4,814,724	7,721,750
Total pension liability, beginning	<u>114,230,202</u>	<u>109,415,478</u>	<u>101,693,728</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 123,283,169</u>	<u>\$ 114,230,202</u>	<u>\$ 109,415,478</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 4,514,170	\$ 4,518,637	\$ 4,975,380
Contributions - member	848,134	688,328	843,661
Net investment income	13,603,188	14,021,200	16,022,504
Benefit payments, including refunds of member contributions	<u>(7,545,001)</u>	<u>(6,824,575)</u>	<u>(5,936,319)</u>
Administrative expense	<u>(379,671)</u>	<u>(329,157)</u>	<u>(327,575)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	11,040,820	12,074,433	15,577,651
Plan net position, beginning	<u>102,685,436</u>	<u>90,611,003</u>	<u>75,033,352</u>
PLAN NET POSITION, ENDING	<u>\$ 113,726,256</u>	<u>\$ 102,685,436</u>	<u>\$ 90,611,003</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 9,556,913</u>	<u>\$ 11,544,766</u>	<u>\$ 18,804,475</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>92.25%</u>	<u>89.89%</u>	<u>82.81%</u>
COVERED PAYROLL	<u>\$ 14,334,142</u>	<u>\$ 15,172,803</u>	<u>\$ 14,927,595</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>66.67%</u>	<u>76.09%</u>	<u>125.97%</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	3,829,248	\$ 3,655,606	\$ 3,666,355	\$ 3,349,022	\$ 3,189,543
	7,650,631	7,212,605	6,951,797	6,367,532	5,987,854
	(45,695)	(2,733,364)	-	(4,040,837)	-
	(5,763,975)	249,081	-	8,907,859	-
	<u>(5,388,607)</u>	<u>(5,043,907)</u>	<u>(4,493,295)</u>	<u>(4,460,947)</u>	<u>(4,401,917)</u>
	281,602	3,340,021	6,124,857	10,122,629	4,775,480
	<u>101,412,126</u>	<u>98,072,105</u>	<u>91,947,248</u>	<u>81,824,619</u>	<u>77,049,139</u>
\$	<u>101,693,728</u>	\$ <u>101,412,126</u>	\$ <u>98,072,105</u>	\$ <u>91,947,248</u>	\$ <u>81,824,619</u>
\$	5,726,733	\$ 4,711,803	\$ 4,538,737	\$ 5,012,337	\$ 4,843,478
	836,447	754,436	859,918	777,447	743,812
	(4,747,288)	11,309,664	5,161,225	(437,319)	4,086,233
	(5,388,607)	(5,043,907)	(4,493,295)	(4,460,947)	(4,401,917)
	<u>(338,662)</u>	<u>(322,586)</u>	<u>(263,278)</u>	<u>(292,272)</u>	<u>(56,143)</u>
	(3,911,377)	11,409,410	5,803,307	599,246	5,215,463
	<u>78,944,729</u>	<u>67,535,319</u>	<u>61,732,012</u>	<u>61,132,766</u>	<u>55,917,303</u>
\$	<u>75,033,352</u>	\$ <u>78,944,729</u>	\$ <u>67,535,319</u>	\$ <u>61,732,012</u>	\$ <u>61,132,766</u>
\$	<u>26,660,376</u>	\$ <u>22,467,397</u>	\$ <u>30,536,786</u>	\$ <u>30,215,236</u>	\$ <u>20,691,853</u>
	<u>73.78%</u>	<u>77.85%</u>	<u>68.86%</u>	<u>67.14%</u>	<u>74.71%</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>
	<u>174.47%</u>	<u>155.22%</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 4,514,170	\$ 4,518,637	\$ 4,975,380	\$ 5,726,733
Contributions made	<u>4,514,170</u>	<u>4,518,637</u>	<u>4,975,380</u>	<u>5,726,733</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ <u>14,334,142</u>	\$ <u>15,172,803</u>	\$ <u>14,927,595</u>	\$ <u>15,280,806</u>
Contributions as a percentage of covered payroll	<u>31.49%</u>	<u>29.78%</u>	<u>33.33%</u>	<u>37.48%</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.*

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,711,803	\$ 4,538,737	\$ 5,012,337	\$ 4,843,478
<u>4,711,803</u>	<u>4,538,737</u>	<u>5,012,337</u>	<u>4,843,478</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>14,474,564</u>	\$ <u>14,304,153</u>	\$ <u>13,841,548</u>	\$ <u>12,930,104</u>
<u>32.55%</u>	<u>31.73%</u>	<u>36.21%</u>	<u>37.46%</u>

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	<u>13.34%</u>	<u>15.45%</u>	<u>21.39%</u>	<u>-6.44%</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.*

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>16.65%</u>	<u>8.12%</u>	<u>-1.07%</u>	<u>7.52%</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -  
POLICE PENSION PLAN  
YEAR ENDED DECEMBER 31, 2021

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**1. Changes Since the Prior Valuation**

The mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment projected to 2019 with Scale AA to the Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021.

**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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	10 years
Asset Valuation Method	Fair 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
Cost-of-Living adjustment	3.00% 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-2021.

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**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>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,657,901	\$ 1,716,306	\$ 1,734,361
Interest	6,506,650	6,263,543	6,009,012
Changes for experience	(3,527,228)	-	1,473,838
Changes of assumptions	(559,769)	-	913,344
Benefit payments, including refunds of member contributions	<u>(4,788,353)</u>	<u>(4,575,531)</u>	<u>(4,096,266)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	(710,799)	3,404,318	6,034,289
Total pension liability, beginning	<u>87,448,327</u>	<u>84,044,009</u>	<u>78,009,720</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 86,737,528</u>	<u>\$ 87,448,327</u>	<u>\$ 84,044,009</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 1,122,707	\$ 1,015,252	\$ 13,458
Contributions - state aid	877,903	1,017,491	1,049,012
Contributions - member	717,835	739,882	776,067
Other income	-	-	-
Net investment income	9,243,000	7,636,934	11,502,809
Benefit payments, including refunds of member contributions	(4,788,353)	(4,575,531)	(4,096,266)
Administrative expense	<u>(36,549)</u>	<u>(54,715)</u>	<u>(64,437)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	7,136,543	5,779,313	9,180,643
Plan net position, beginning	<u>75,875,574</u>	<u>70,096,261</u>	<u>60,915,618</u>
PLAN NET POSITION, ENDING	<u>\$ 83,012,117</u>	<u>\$ 75,875,574</u>	<u>\$ 70,096,261</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 3,725,411</u>	<u>\$ 11,572,753</u>	<u>\$ 13,947,748</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>95.70%</u>	<u>86.77%</u>	<u>83.40%</u>
COVERED PAYROLL	<u>\$ 11,867,356</u>	<u>\$ 13,157,501</u>	<u>\$ 12,621,104</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>31.39%</u>	<u>87.96%</u>	<u>110.51%</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 the required supplementary information.*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,667,557	\$ 1,436,443	\$ 1,531,882	\$ 1,364,058	\$ 1,328,842
	5,576,474	5,432,696	5,413,416	4,981,253	4,827,925
	(645,678)	(3,003,293)	(612,438)	(1,340,172)	(699,869)
	3,763,027	-	-	-	-
	<u>(3,771,312)</u>	<u>(3,770,947)</u>	<u>(3,446,427)</u>	<u>(3,181,427)</u>	<u>(3,704,597)</u>
	6,590,068	94,899	2,886,433	1,823,712	1,752,301
	<u>71,419,652</u>	<u>71,324,753</u>	<u>68,438,320</u>	<u>66,614,608</u>	<u>64,862,307</u>
\$	<u>78,009,720</u>	<u>71,419,652</u>	<u>71,324,753</u>	<u>68,438,320</u>	<u>66,614,608</u>
\$	73,041	\$ 21,989	\$ 36,831	\$ 138,850	\$ 141,615
	946,246	940,591	870,450	734,484	755,173
	761,528	728,513	766,948	691,270	653,919
	-	-	10,787	7,055	-
	(3,979,837)	9,035,734	2,380,341	110,645	4,486,461
	<u>(3,771,312)</u>	<u>(3,770,947)</u>	<u>(3,446,427)</u>	<u>(3,181,428)</u>	<u>(3,714,872)</u>
	<u>(68,967)</u>	<u>(60,639)</u>	<u>(68,786)</u>	<u>(87,785)</u>	<u>(43,500)</u>
	(6,039,301)	6,895,241	550,144	(1,586,909)	2,278,796
	<u>66,954,919</u>	<u>60,059,678</u>	<u>59,509,534</u>	<u>61,096,443</u>	<u>58,817,647</u>
\$	<u>60,915,618</u>	<u>66,954,919</u>	<u>60,059,678</u>	<u>59,509,534</u>	<u>61,096,443</u>
\$	<u>17,094,102</u>	<u>4,464,733</u>	<u>11,265,075</u>	<u>8,928,786</u>	<u>5,518,165</u>
	<u>78.09%</u>	<u>93.75%</u>	<u>84.21%</u>	<u>86.95%</u>	<u>91.72%</u>
\$	<u>12,141,067</u>	<u>11,694,804</u>	<u>11,658,330</u>	<u>11,142,155</u>	<u>10,551,801</u>
	<u>140.80%</u>	<u>38.18%</u>	<u>96.63%</u>	<u>80.14%</u>	<u>52.30%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 2,000,610	\$ 2,032,743	\$ 1,062,470
Contributions made	<u>2,000,610</u>	<u>2,032,743</u>	<u>1,062,470</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Covered payroll	\$ <u><u>11,867,356</u></u>	\$ <u><u>13,157,501</u></u>	\$ <u><u>12,621,104</u></u>
Contributions as a percentage of covered payroll	<u><u>16.86%</u></u>	<u><u>15.45%</u></u>	<u><u>8.42%</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 the required supplementary information.*

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,019,287	\$ 962,580	\$ 907,281	\$ 873,334	\$ 896,788
<u>1,019,287</u>	<u>962,580</u>	<u>907,281</u>	<u>873,334</u>	<u>896,788</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</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>
<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>

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	<u>13.82%</u>	<u>11.29%</u>	<u>19.17%</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 the required supplementary information.*

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>-5.70%</u></u>	<u><u>15.94%</u></u>	<u><u>4.63%</u></u>	<u><u>-0.71%</u></u>	<u><u>8.33%</u></u>

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -  
MUNICIPAL EMPLOYEES' PENSION PLAN  
YEAR ENDED DECEMBER 31, 2021**

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**NOTE 1 - CHANGES SINCE THE PRIOR VALUATION**

The mortality improvement scale applied to healthy and disabled lives was updated from the SOA MP-2018 generational mortality improvement scale to the SOA MP-2020 generational mortality improvement scale.

**NOTE 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, 2021
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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,160,084	\$ 935,559	\$ 960,129
Interest	3,217,125	3,105,447	2,701,881
Differences (expected vs. actual)	3,097,394	(563,856)	2,616,887
Changes for experience	-	-	-
Changes of assumptions	-	-	1,185,147
Benefit payments, including refunds of member contributions	<u>(2,416,106)</u>	<u>(1,678,247)</u>	<u>(1,243,211)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	5,058,497	1,798,903	6,220,833
Total pension liability, beginning	<u>47,709,083</u>	<u>45,910,180</u>	<u>39,689,347</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 52,767,580</u>	<u>\$ 47,709,083</u>	<u>\$ 45,910,180</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 2,543,984	\$ 2,060,501	\$ 2,128,047
Contributions - member	441,643	389,125	436,575
Other income	-	-	-
Net investment income	5,019,496	5,681,224	5,607,695
Benefit payments, including refunds of member contributions	<u>(2,416,106)</u>	<u>(1,678,247)</u>	<u>(1,243,211)</u>
Administrative expense	<u>(15,050)</u>	<u>(29,576)</u>	<u>(32,575)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	5,573,967	6,423,027	6,896,531
Plan net position, beginning	<u>43,060,596</u>	<u>36,637,569</u>	<u>29,741,038</u>
PLAN NET POSITION, ENDING	<u>\$ 48,634,563</u>	<u>\$ 43,060,596</u>	<u>\$ 36,637,569</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 4,133,017</u>	<u>\$ 4,648,487</u>	<u>\$ 9,272,611</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>92.17%</u>	<u>90.26%</u>	<u>79.80%</u>
COVERED PAYROLL	<u>\$ 6,998,589</u>	<u>\$ 7,565,378</u>	<u>\$ 7,226,128</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>59.06%</u>	<u>61.44%</u>	<u>128.32%</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 the required supplementary information.*

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 910,894	\$ 930,306	\$ 848,744	\$ 832,869	\$ 880,824
2,663,029	2,432,481	2,379,778	2,258,285	2,036,876
-	-	-	-	-
(449,968)	119,120	(309,056)	(551,095)	(529)
-	970,160	-	-	-
<u>(1,133,984)</u>	<u>(1,144,224)</u>	<u>(1,007,436)</u>	<u>(752,903)</u>	<u>(697,458)</u>
1,989,971	3,307,843	1,912,030	1,787,156	2,219,713
<u>37,699,376</u>	<u>34,391,533</u>	<u>32,479,503</u>	<u>30,692,347</u>	<u>28,472,634</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>
\$ 1,631,536	\$ 1,586,677	\$ 1,515,976	\$ 1,125,538	\$ 1,069,622
416,389	365,555	394,308	367,743	357,305
3,585	191,293	-	-	-
(1,777,464)	3,767,421	1,750,732	(271,486)	1,163,102
(1,133,984)	(1,144,224)	(1,007,436)	(752,903)	(697,458)
<u>(24,936)</u>	<u>(28,185)</u>	<u>(31,094)</u>	<u>(32,046)</u>	<u>(33,907)</u>
(884,874)	4,738,537	2,622,486	436,846	1,858,664
<u>30,625,912</u>	<u>25,887,375</u>	<u>23,264,889</u>	<u>22,828,043</u>	<u>20,969,379</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>
<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>
<u>74.93%</u>	<u>81.24%</u>	<u>75.27%</u>	<u>71.63%</u>	<u>74.38%</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>
<u>145.13%</u>	<u>115.02%</u>	<u>132.17%</u>	<u>150.02%</u>	<u>134.12%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 2,543,984	\$ 2,060,501	\$ 2,128,047
Contributions made	<u>2,543,984</u>	<u>2,060,501</u>	<u>2,128,047</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ <u>6,998,589</u>	\$ <u>7,565,378</u>	\$ <u>7,226,128</u>
Contributions as a percentage of covered payroll	<u>36.35%</u>	<u>27.24%</u>	<u>29.45%</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 the required supplementary information.*

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,631,536	\$ 1,586,677	\$ 1,305,775	\$ 1,125,538	\$ 1,069,622
<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>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>6,854,800</u></u>	\$ <u><u>6,149,717</u></u>	\$ <u><u>6,434,030</u></u>	\$ <u><u>6,142,272</u></u>	\$ <u><u>5,863,744</u></u>
<u><u>23.80%</u></u>	<u><u>25.80%</u></u>	<u><u>20.29%</u></u>	<u><u>18.32%</u></u>	<u><u>18.24%</u></u>

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	<u>14.81%</u>	<u>13.60%</u>	<u>18.30%</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 the required supplementary information.*

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>-5.30%</u></u>	<u><u>15.10%</u></u>	<u><u>7.56%</u></u>	<u><u>-1.19%</u></u>	<u><u>5.57%</u></u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -  
FIREFIGHTERS' PENSION PLAN  
YEAR ENDED DECEMBER 31, 2021

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**NOTE 1 - CHANGES SINCE THE PRIOR VALUATION**

No changes since the prior valuation.

**NOTE 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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Remaining Amortization Period	8 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.

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**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>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 12,783,923	\$ 12,557,473	\$ 12,784,036
Interest	6,314,449	9,571,710	9,886,919
Changes for experience	16,602,597	-	(42,512,515)
Changes of assumptions	(17,968,858)	-	7,341,705
Benefit payments, including refunds of member contributions	<u>(6,121,519)</u>	<u>(6,476,217)</u>	<u>(5,816,645)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	11,610,592	15,652,966	(18,316,500)
Total OPEB liability, beginning	<u>300,847,780</u>	<u>285,194,814</u>	<u>303,511,314</u>
 TOTAL OPEB LIABILITY, ENDING	 <u>\$ 312,458,372</u>	 <u>\$ 300,847,780</u>	 <u>\$ 285,194,814</u>
 COVERED PAYROLL	 <u>\$ 28,787,310</u>	 <u>\$ 32,141,437</u>	 <u>\$ 30,683,950</u>
 TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	 <u>1085.40%</u>	 <u>936.01%</u>	 <u>929.46%</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 the required supplementary information.*

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<u>2018</u>	<u>2017</u>
\$ 16,640,334	\$ 13,637,039
9,675,368	9,647,103
-	-
(27,406,607)	28,649,469
<u>(5,104,639)</u>	<u>(5,518,827)</u>
(6,195,544)	46,414,784
<u>309,706,858</u>	<u>263,292,074</u>
\$ <u>303,511,314</u>	\$ <u>309,706,858</u>
\$ <u>29,388,021</u>	\$ <u>28,055,390</u>
<u>1032.77%</u>	<u>1103.91%</u>

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
YEAR ENDED DECEMBER 31, 2021**

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**NOTE 1 - CHANGES SINCE THE PRIOR VALUATION**

The discount rate was changed from 3.25% to 2.25%. The mortality improvement scale was updated from MP-2020 to MP-2021.

**NOTE 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, 2021
Actuarial Cost Method	Individual Entry Age Normal as a Level Percentage of Payroll

***Actuarial Assumptions:***

Discount Rate	2.25%
Inflation	2.50%
Healthcare Cost Trend Rate	6.75% in Year 1, Decreasing to an Ultimate Trend Rate of 4.50% in Year 10.

Salary Scale	<i>Uniformed and Firefighters:</i> Service Based <i>Non-Uniformed:</i> Service Based
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Mortality	<i>Uniformed and Firefighters:</i> Pub-2010 Public Safety Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled Tables as Applicable), with Generational Projection Using Scale MP-2021. <i>Non-Uniformed:</i> Pub-2010 General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled Tables as Applicable), with Generational Projection Using Scale MP-2021.
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## **SUPPLEMENTARY INFORMATION**

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

COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	<u>Highway Aid Fund</u>	<u>Sewer Rental Capital Fund</u>	<u>Community Grants</u>
<b>ASSETS</b>			
Cash, cash equivalents	\$ 1,947,457	\$ 448,046	\$ -
Receivables			
Intergovernmental	-	-	373,397
Due from other funds	1,721	-	-
Due from other governments	-	26,667	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	\$ <u>1,949,178</u>	\$ <u>474,713</u>	\$ <u>373,397</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 10,358	\$ -
Accrued payroll and related costs	20,831	-	-
Due to other funds	133,623	478,237	630,635
TOTAL LIABILITIES	<u>154,454</u>	<u>488,595</u>	<u>630,635</u>
<b>FUND BALANCES</b>			
Restricted	1,794,724	-	-
Assigned	-	-	-
Unassigned	-	(13,882)	(257,238)
TOTAL FUND BALANCES	<u>1,794,724</u>	<u>(13,882)</u>	<u>(257,238)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>1,949,178</u>	\$ <u>474,713</u>	\$ <u>373,397</u>

See accompanying notes to the basic financial statements.

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<u>Upper Darby Football Bowl</u>	<u>Total Nonmajor Funds</u>
\$ 3,056	\$ 2,398,559
-	373,397
-	1,721
-	<u>26,667</u>
<u>\$ 3,056</u>	<u>\$ 2,800,344</u>

\$ -	\$ 10,358
-	20,831
-	1,242,495
-	<u>1,273,684</u>

-	1,794,724
3,056	3,056
-	(271,120)
<u>3,056</u>	<u>1,526,660</u>

<u>\$ 3,056</u>	<u>\$ 2,800,344</u>
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**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**

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

	<u>Highway Aid Fund</u>	<u>Sewer Rental Capital Fund</u>	<u>Community Grants</u>
<b>REVENUES</b>			
Intergovernmental	\$ 1,871,457	\$ -	\$ 35,646
Investment earnings	1,773	224	-
<b>TOTAL REVENUES</b>	<u>1,873,230</u>	<u>224</u>	<u>35,646</u>
<b>EXPENDITURES</b>			
Sewer	-	121,155	-
Highways and streets	1,673,144	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,673,144</u>	<u>121,155</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	200,086	(120,931)	35,646
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,594,638</u>	<u>107,049</u>	<u>(292,884)</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,794,724</u>	<u>\$ (13,882)</u>	<u>\$ (257,238)</u>

*See accompanying notes to the basic financial statements.*

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<u>Upper Darby Football Bowl</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ 1,907,103
<u>-</u>	<u>1,997</u>
<u>-</u>	<u>1,909,100</u>
-	121,155
<u>-</u>	<u>1,673,144</u>
<u>-</u>	<u>1,794,299</u>
-	114,801
<u>3,056</u>	<u>1,411,859</u>
<u>\$ 3,056</u>	<u>\$ 1,526,660</u>



**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
COMBINING STATEMENT OF NET POSITION -  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds			
	Police Pension Fund	Municipal Employees' Pension Fund	Firefighters' Pension Plan	Total Pension Trust Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,504,157	\$ 2,445,621	\$ 2,501,629	\$ 8,451,407
Investments (at market value)	110,268,264	80,370,929	46,132,934	236,772,127
Interest receivable	-	109,514	-	109,514
Prepaid expenses	-	2,974	-	2,974
Contribution receivable	-	83,079	-	83,079
<b>TOTAL ASSETS</b>	<b>113,772,421</b>	<b>83,012,117</b>	<b>48,634,563</b>	<b>245,419,101</b>
<b>LIABILITIES</b>				
Accounts payable	46,165	-	-	46,165
<b>NET POSITION</b>				
Restricted for pensions	\$ 113,726,256	\$ 83,012,117	\$ 48,634,563	\$ 245,372,936

*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, 2021

	Police Pension Fund	Municipal Employees' Pension Fund	Firefighters' Pension Plan	Total Pension Trust Funds
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 4,514,170	\$ 2,000,610	\$ 2,543,984	\$ 9,058,764
Employee	848,134	717,835	441,643	2,007,612
Other	-	1,285	-	1,285
TOTAL CONTRIBUTIONS	<u>5,362,304</u>	<u>2,719,730</u>	<u>2,985,627</u>	<u>11,067,661</u>
Investment earnings (loss)				
Net change in fair value of investments	11,293,136	8,070,596	3,849,585	23,213,317
Investment earnings	2,310,052	1,555,368	1,329,964	5,195,384
TOTAL INVESTMENT INCOME	<u>13,603,188</u>	<u>9,625,964</u>	<u>5,179,549</u>	<u>28,408,701</u>
Less investment expense	-	(382,964)	(160,053)	(543,017)
NET INVESTMENT EARNINGS	<u>13,603,188</u>	<u>9,243,000</u>	<u>5,019,496</u>	<u>27,865,684</u>
TOTAL ADDITIONS	<u>18,965,492</u>	<u>11,962,730</u>	<u>8,005,123</u>	<u>38,933,345</u>
<b>DEDUCTIONS</b>				
Benefit payments	7,545,001	4,788,353	2,416,106	14,749,460
Administrative expenses	379,671	37,834	15,050	432,555
TOTAL DEDUCTIONS	<u>7,924,672</u>	<u>4,826,187</u>	<u>2,431,156</u>	<u>15,182,015</u>
CHANGE IN NET POSITION	11,040,820	7,136,543	5,573,967	23,751,330
NET POSITION - BEGINNING	<u>102,685,436</u>	<u>75,875,574</u>	<u>43,060,596</u>	<u>221,621,606</u>
NET POSITION - ENDING	<u>\$ 113,726,256</u>	<u>\$ 83,012,117</u>	<u>\$ 48,634,563</u>	<u>\$ 245,372,936</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,711,027	\$ 2,711,027	\$ 2,671,385	\$ (39,642)
EXPENDITURES				
Principal	1,880,000	1,880,000	1,880,000	-
Interest	831,027	831,027	318,873	512,154
TOTAL EXPENDITURES	<u>2,711,027</u>	<u>2,711,027</u>	<u>2,198,873</u>	<u>512,154</u>
NET CHANGE IN FUND BALANCES	-	-	472,512	(551,796)
FUND BALANCES AT BEGINNING OF YEAR	<u>907,697</u>	<u>907,697</u>	<u>907,697</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 907,697</u>	<u>\$ 907,697</u>	<u>\$ 1,380,209</u>	<u>\$ (551,796)</u>

**TOWNSHIP OF UPPER DARBY,  
DELAWARE COUNTY, PENNSYLVANIA**  
BUDGETARY COMPARISON SCHEDULE  
HIGHWAY AID FUND  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,773	\$ 1,773
Grants and entitlements	2,406,160	2,406,160	1,871,457	(534,703)
TOTAL REVENUES	<u>2,406,160</u>	<u>2,406,160</u>	<u>1,873,230</u>	<u>(532,930)</u>
EXPENDITURES				
Highway and streets	1,998,322	1,998,322	1,673,144	325,178
TOTAL EXPENDITURES	<u>1,998,322</u>	<u>1,998,322</u>	<u>1,673,144</u>	<u>325,178</u>
NET CHANGE IN FUND BALANCES	407,838	407,838	200,086	(207,752)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,594,638</u>	<u>1,594,638</u>	<u>1,594,638</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,002,476</u>	<u>\$ 2,002,476</u>	<u>\$ 1,794,724</u>	<u>\$ (207,752)</u>

*See accompanying notes to the budgetary comparison schedules.*

**TOWNSHIP OF UPPER DARBY,  
 DELAWARE COUNTY, PENNSYLVANIA**  
 TEN YEAR SUMMARY OF REAL ESTATE TAXES  
 YEAR ENDED DECEMBER 31, 2021

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<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>
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%
2020	21.38	2,644,946,050	56,548,947	55,868,990	98.798%
2021	13.25	4,325,580,883	57,313,947	55,886,955	97.510%

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Darby Township as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Upper Darby Township's basic financial statements, and have issued our report thereon dated May 11, 2023.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

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

***Purpose of this Report***

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

A handwritten signature in black ink, appearing to read "Mailli UF". The signature is written in a cursive, somewhat stylized font.

Limerick, Pennsylvania  
May 11, 2023