

**County of Delaware,
Pennsylvania**

Comprehensive Annual Financial Report
Year Ended December 31, 2016

Prepared by Edward E. O'Lone, CPA
Controller



Candor. Insight. Results.

County of Delaware, Pennsylvania

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Introductory Section



CONTROLLER OF DELAWARE COUNTY

GOVERNMENT CENTER BUILDING
201 WEST FRONT STREET
MEDIA, PENNSYLVANIA 19063

EDWARD E. O'LONE, C.P.A.
CONTROLLER

THOMAS J. BURKE
CHIEF DEPUTY CONTROLLER

RICK MEGARO, C.P.P.
DEPUTY CONTROLLER

610-891-4441
Fax: 610-566-3256

ROBERT E. O'CONNOR
SOLICITOR

June 27, 2017

To the Citizens of the County of Delaware, Pennsylvania:

It is my honor and pleasure to present the Comprehensive Annual Financial Report of the County of Delaware, Pennsylvania (the "County") for the year ended December 31, 2016. This Comprehensive Annual Financial Report ("CAFR") was prepared by the Controller's Department in conjunction with the independent certified public accounting firm of Baker Tilly Virchow Krause, LLP, whose opinion accompanies the basic financial statements contained in the Financial Section of this report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its funds; and that all disclosures necessary to enable the reader to gain an understanding of the County's financial affairs have been included.

The Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter and should be read in conjunction with it.

Our County, the oldest settled area of Pennsylvania, is a Home Rule Charter county that is governed by a council of five members who are elected to staggered four-year terms.

County Council is responsible for all legislative and administrative functions of County government. Although County Council has overall responsibility for all actions of County departments, the Executive Director, a County Council appointee, is directly responsible for the operations of certain departments as outlined in the Home Rule Charter and County Administrative Code. The primary administrative level staff assistance is provided to County Council by the Executive Director and the County Clerk. Legal guidance and representation is provided by the County Solicitor.

The powers and duties of County Council are many. The Home Rule Charter provides County Council with the authority to pass ordinances, resolutions and proclamations and to provide budgets and personnel to meet the needs of the people of Delaware County. County Council is responsible for adopting a budget each year. The budget includes setting taxes and fees sufficient to raise funds needed for budgeted expenditures. To raise funds for major capital projects, County Council also authorizes the sale of bonds. Many of the County's administered social programs are funded by federal and state grants.

This report includes all funds of the County. County Council decides the best means of providing services contemplated by the Home Rule Charter. The County provides a variety of services to the citizens of the County, including social service programs, economic development, administration of justice, maintenance of the County's correctional institution, operation of a County long-term nursing home, the administration of elections, recreational opportunities and general governmental services.

In addition to general County activities, County Council has fiscal accountability for the Delaware County Solid Waste Authority, the Economic Development Oversight Board, the Delaware County Redevelopment Authority and the Delaware County Chester Waterfront Industrial Development Authority. Consequently, these component units are included in the reporting entity. County Council also has responsibility to appoint members to boards of a number of authorities and advisory boards, but the County's accountability for these entities does not extend beyond the appointments.

Controller's Department and Internal Controls

The Controller is the elected financial officer of the County and as such is independent of the executive and legislative branches of County government. The current Controller is a licensed Certified Public Accountant in the Commonwealth of Pennsylvania and works cooperatively with the independent auditors when they perform their annual audit. In addition, the County Controller's Office serves in the capacity of internal auditor for the County. During the year, the Controller's Office staff ensures the integrity of the County system of internal accounting controls and conducts financial and compliance audits as well as internal control reviews on various departments and offices.

Management of the County is responsible for establishing and maintaining an internal control structure. The objective of an internal control structure, consisting of the control environment, control procedures and accounting system, is to reasonably safeguard the County's assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies. Management believes that the County's internal control structure adequately meets these objectives.

The County utilizes a comprehensive integrated financial management and human resource system to enhance access to real time management information and to better implement efficient business practices. This system enables the County to maintain the appropriate flow of information, giving staff the necessary financial tools consistent with the needs of good government management.

Further, in response to the Right to Know law in the Commonwealth of Pennsylvania, the County created an Open Records Office. This office is responsible for ensuring the County's compliance with the law and facilitating each citizen's right to access government documents. In 2016, the County's Open Records Office responded to 542 requests, all within the timeframe required by the law. In comparison, there were 496 requests in 2015.

County Council and the Controller will continue to utilize the latest technology and efficient planning in an effort to deliver the highest quality of government services consistent with the taxpayers' ability to pay and within the highest standards of internal controls over business practices.

Budgetary Controls

The County maintains budgetary controls to comply with legal provisions embodied in the annual budget adopted by County Council pursuant to the Home Rule Charter and Administrative Code. The County adopts an annual operating budget which is a legal document controlling expenditures, at the fund level, for the General Fund and the Liquid Fuels Special Revenue Fund. As indicated in the Financial Section of this report, the County has complied with such budgetary controls for the year ended December 31, 2016.

Financial Planning

In addition to the five-year Capital Improvement Plan prepared with the annual budget, the Budget Department also prepares quarterly forecast reports for County Council's review.

The County also monitors market conditions on a regular basis, particularly with respect to its outstanding debt. When conditions are favorable and it is beneficial to the County, the County will undertake certain financing actions in order to achieve economic gains, mainly through securing lower interest rates.

Other Information

Independent Audit

An audit of the County's basic financial statements has been conducted by the independent certified public accounting firm of Baker Tilly Virchow Krause, LLP to meet the requirements of Section 909 of the Home Rule Charter and the federal Single Audit Act. Their report on the basic financial statements and additional information is included in the Financial Section of this report. Their report related to the Single Audit Act and related Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") is presented in a separate report.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2015. This was the 22nd consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County continues to maintain its AA and Aa1 Bond rating in no small measure due to earning this prestigious award.

Other Accomplishments and Initiatives

Delaware County Citizen Corps

The Delaware County Citizen Corps provides public education, training, and volunteer opportunities to engage all citizens in making our communities safer, stronger, and better prepared for emergencies and disasters of all types, including threats of terrorism, crime, public health emergencies (both natural and man-made), and technological disasters by improving preparedness, mitigation, response, and recovery efforts. In 2016 our corps recruited 106 volunteers, bringing the total to 1,452. These volunteers provided 6,800 hours of service by participating in 19 public outreach events 91 trainings, exercises, and meetings and had one flu clinic activation. The County continues to actively recruit volunteers for our Medical Reserve Corps and County Animal Response Team.

Delaware County Strategic National Stockpile Program

2016 again proved to be a successful year for the Delaware County Strategic National Stockpile Program (SNS Program). The SNS Program ensures that the County and its residents are prepared and equipped to handle a regional medical emergency, should such an incident arise. Five various exercises were conducted, including a two-day full scale exercise. The Delaware County SNS Program was acknowledged by the PA Department of Health in 2016 for its outstanding preparedness during the Medical Countermeasures Operational Readiness Review.

Open Space, Recreation and Greenway Plan

Delaware County Council adopted the County's *Open Space, Recreation and Greenway Plan* (Plan) in 2015. In June 2016, the County took active steps to implement the Plan with the acquisition of 33.5 acres of open space adjacent to Little Flower Manor in Darby Borough and Upper Darby Township. Working together with Natural Lands Trust, the County secured grants from the PA Department of Community and Economic Development and the PA Department of Conservation and Natural Resources. The County contributed funds from its Act 13 Marcellus Shale Impact Fees Fund to complete the purchase and has committed additional funds to improve the County's newest park.

Additionally, Delaware County is currently in various phases of several large trail projects. Construction was completed in December 2016 on almost three miles of trail along the former Chester Creek Branch Railroad in Middletown Township. Engineering is underway for Phase II of this trail, which will extend it another 1.5 miles into Aston Township. 100% of the funding for this project was provided by a federal transportation grant, which was acquired through the PA Department of Transportation.

The above projects not only demonstrate the County's ongoing commitment to preserving open space, but it also shows the County's willingness to actively pursue available grant funds from various state and federal sources.

Geriatric Psychiatric Unit

In 2016 the County collaborated with Crozer-Chester Medical Center (Crozer) to develop a geriatric psychiatric unit located on the grounds of the County's nursing home, Fair Acres Geriatric Center. The 19-bed unit is run by Crozer and has proven to be a great success in providing the needed continuum of care. This program serves as a good example of a public/ private partnership meeting the needs of the County's residents.

Affordable Housing Program

In 2016 the County, through its Office of Housing Community and Development, oversaw the completion of 50 affordable housing units in Ridley Township. Over 90% of the funding for these units was secured through the federal HOME Investment Partnerships Program. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

Acknowledgments

I would like to acknowledge the cooperation that I received from the entire staff of the Controller's Department and the various Department officials throughout the County in the preparation of this report. I would also like to thank the Chairman and Members of County Council as well as our Executive Director for their interest and support in planning and conducting the financial operations of the County in a responsible, professional, and progressive manner.

The County Controller remains cognizant of the limited resources of the County and its citizens. We will continue to monitor the financial performance of the County to ensure that the high-standards of service and affordability are maintained.



Edward E. O'Lone, CPA
Controller





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Delaware
Pennsylvania**

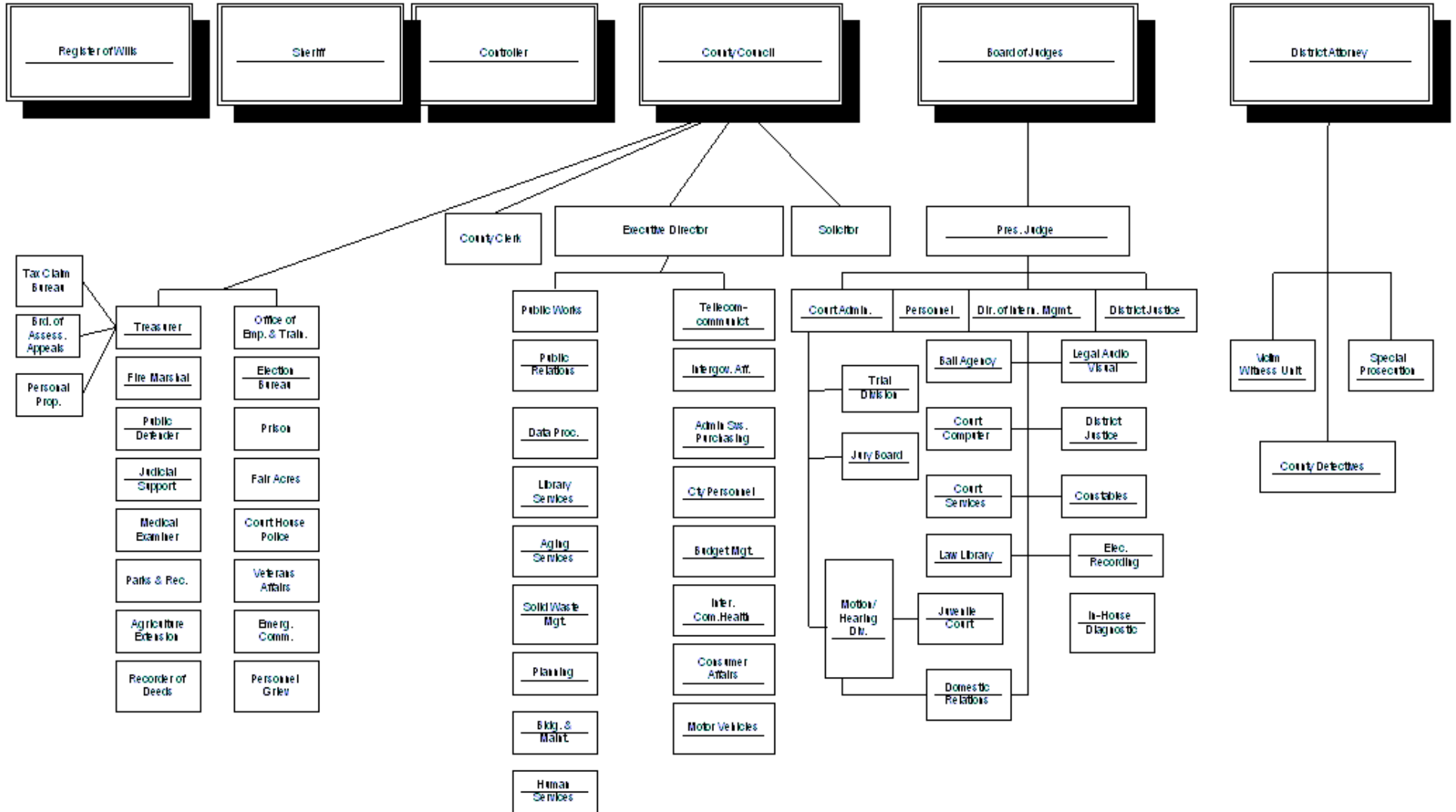
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Organizational Chart

ELECTORATE DELAWARE COUNTY



County of Delaware, Pennsylvania

Principal County Officials December 31, 2016

Council

Mario J. Civera, Jr. - Chairman
Colleen P. Morrone - Vice Chairman
John P. McBlain - Member
David J. White - Member
Michael Culp, Member

Controller

Edward E. O'Lone, CPA

District Attorney

John J. Whelan, Esq.

Register of Wills

Jennifer Holsten Maddaloni, Esq.

Sheriff

Mary McFall Hopper, Esq.

Executive Director

Marianne Grace

Solicitor

Michael L. Maddren, Esq.

Budget Director

James P. Hayes, CPA

Treasurer

John A. Dowd

Judicial Support

Angela L. Martinez, Esq.

County of Delaware, Pennsylvania

Principal County Officials December 31, 2016

Recorder of Deeds

Thomas J. Judge, Sr.

County Clerk

Anne M. Coogan

Medical Examiner

Fredric N. Hellman, M.D.

Court of Common Pleas Board of Judges

Chad F. Kenney, President Judge

George A. Pagano

Kevin F. Kelly

Kathrynann W. Durham

Barry C. Dozor

James P. Bradley

James F. Nilon, Jr.

Mary Alice Brennan

Gregory M. Mallon

Linda A. Cartisano

Spiros E. Angelos

G. Michael Green

Nathaniel C. Nichols

Christine Fizzano Cannon

John P. Capuzzi, Sr.

Richard M. Cappelli

William C. Mackrides

Anthony D. Scanlon

Margaret J. Amoroso

Dominic F. Pileggi

Senior Judges

Ann A. Osborne

Michael F. X. Coll

Frank T. Hazel

Charles B. Burr, II

Financial Section

Independent Auditors' Report

County Council
County of Delaware, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delaware, Pennsylvania (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, comprised of the Delaware County Solid Waste Authority, which reflect total assets and deferred outflows of \$61,353,142 as of December 31, 2016, and total revenues of \$32,831,715 for the year then ended, the financial statements of the Economic Development Oversight Board, which reflect total assets of \$1,211,061 as of December 31, 2016, and total revenues of \$661,025 for the year then ended, the financial statements of the Delaware County Chester Waterfront Industrial Development Authority, which reflect total assets of \$23,424,054 as of December 31, 2016, and total revenues of \$121 for the year then ended, and the financial statements of the Redevelopment Authority of the County of Delaware, which reflect total assets of \$5,741,351 as of December 31, 2016, and total revenues of \$6,985,240 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delaware County Solid Waste Authority, Economic Development Oversight Board, Redevelopment Authority of the County of Delaware, and the Delaware County Chester Waterfront Industrial Development Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delaware, Pennsylvania, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 18 through 31, the Schedule of Funding Progress for the Retirement Health Plan (OPEB) and OPEB Plan Schedule of Employer Cost, the Schedule of Changes in the County's Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, and the Schedule of Investment Returns on pages 90 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules on pages 94 through 121 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, based on our audit, the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
June 27, 2017

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis ("MD&A") is intended to provide a narrative overview and analysis of the financial activities of the County of Delaware for the year ended December 31, 2016 compared to 2015. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter preceding this Management Discussion and Analysis which can be found on pages 5-9 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

Financial Highlights

During 2016, the County's total net position as shown in the government wide statements increased by \$5.5 million. This increase in net position is primarily attributable to additional operating grants and contributions in the general government area as well as the prudent management of expenses.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, corrections, health and welfare, highways, bridges, and streets. The business-type activity of the County is a geriatric center.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Solid Waste Authority, legally separate Economic Development Oversight Board, legally separate Redevelopment Authority and legally separate Chester Waterfront Industrial Development Authority, for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 32-34 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the health and human service funds, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation captioned "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 35-39 of this report.

Proprietary funds. The County maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its geriatric center. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its health, workers' compensation and casualty/liability insurance. Since these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-89 of this report.

Required supplementary information. Certain required supplementary information concerning the County's progress in funding its obligations to provide OPEB benefits to its employees and retirees and their dependents and changes in the County's pension liability, employer contributions and investment return can be found on pages 90-93 of this report.

Other information. The combining statements and schedules referred to earlier in connection with government fund types, proprietary fund types and component units are presented immediately following the notes to the financial statements. Combining and individual fund and component unit statements and schedules can be found on pages 94-121 of this report.

General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2016 was approximately \$245 million. This was an increase of approximately \$7 million or 3% from the prior year final budget. There were no council amendments to the 2016 General Fund budget. Taking into account total expenditures and operating transfers, the County experienced an overall favorable budgetary variance of approximately \$9 million, primarily as a result of controlling expenditures.

The General Fund budget complied with the financial policies approved by the County Council.

Government-Wide Financial Analysis

The County's net position includes its net investment in capital assets (e.g., land, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County's investment in its capital assets is reported, net of related debt, at \$(40,524,551).

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

County's Condensed Statement of Net Position (In Millions)

	Governmental Activities		Business-Type Activity		Total		% Change
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 401	\$ 419	\$ 25	\$ 29	\$ 426	\$ 448	(4.91) %
Capital assets	173	168	10	11	183	179	2.23
Total assets	574	587	35	40	609	627	(2.87)
Deferred outflows	35	11	18	5	53	16	231.25
Other liabilities	137	143	9	6	146	149	(2.01)
Long-term liabilities outstanding	450	438	33	28	483	466	3.65
Total liabilities	587	581	42	34	629	615	2.28
Net position:							
Net investment in capital assets	(41)	(55)	(19)	(20)	(60)	(75)	(20.00)
Restricted	7	7	-	-	7	7	0.00
Unrestricted	56	65	30	31	86	96	(10.42)
Total net position	\$ 22	\$ 17	\$ 11	\$ 11	\$ 33	\$ 28	17.86 %

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

County's Condensed Statement of Activities

(In Millions)

	Governmental Activities		Business-Type Activity		Total		% Change
	2016	2015	2016	2015	2016	2015	
Program revenues:							
Charges for services	\$ 26	\$ 26	\$ 74	\$ 79	\$ 100	\$ 105	(4.76) %
Operating grants and contributions	355	325	-	-	355	325	9.23
Capital grants and contributions	7	-	-	-	7	-	100.00
General revenues:							
Property taxes	172	171	-	-	172	171	0.58
Gaming revenue	8	9	-	-	8	9	(11.11)
Other	1	-	-	-	1	-	100.00
Investment earnings	1	2	2	-	3	2	50.00
Total revenues	<u>570</u>	<u>533</u>	<u>76</u>	<u>79</u>	<u>646</u>	<u>612</u>	<u>5.56</u>
Program expenses:							
General government	139	140	-	-	139	140	(0.71)
Judicial	48	48	-	-	48	48	0.00
Corrections	70	69	-	-	70	69	1.45
Health and human services	293	265	-	-	293	265	10.57
Highways, streets and bridges	5	2	-	-	5	2	150.00
Interest on long-term debt	5	7	-	-	5	7	(28.57)
Geriatric center	-	-	80	78	80	78	2.56
Total expenses	<u>560</u>	<u>531</u>	<u>80</u>	<u>78</u>	<u>640</u>	<u>609</u>	<u>5.09</u>
Net revenue (expense) before transfers	<u>10</u>	<u>2</u>	<u>(4)</u>	<u>1</u>	<u>6</u>	<u>3</u>	<u>100.00</u>
Transfers	<u>(4)</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>
Change in net position	6	2	-	1	6	3	100.00
Net position, beginning	17	(6)	11	-	28	(6)	(566.67)
Effect of adoption of GASB 68	-	21	-	10	-	31	(100.00)
Net position, ending	<u>\$ 23</u>	<u>\$ 17</u>	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 34</u>	<u>\$ 28</u>	<u>21.43 %</u>

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Governmental activities. Governmental activities increased the County's net position by approximately \$6.1 million. Key elements of this increase are a result of the following:

- Operating grants and contributions increased by approximately \$30 million primarily resulting from increases in additional health and human service and judicial grants.
- Capital grants and contributions increased to approximately \$7 million due to the timing of new projects, including \$2.7 million for the Chester Creek Trail and approximately \$4.3 million in capital grants recognized for bridge maintenance and repairs.
- Health and Human Service grant expenditures increased by approximately \$28 million primarily as a result of increased grant funding received in 2016.
- The operating transfer from the General Fund to the Geriatric Center increased by approximately \$4 million.

Business-type activity. Business-type activities resulted in a net transfer of \$4 million from the General Fund. The business-type activity achieved a positive operating result in 2015 and therefore no transfer from the General Fund was required. Key elements of changes in the business-type activity are as follows:

- The County's Geriatric Center costs increased by roughly \$2 million due to increased employee benefits expenses and administration which offset savings from nursing during the year.
- The Geriatric Center's revenue decreased by approximately \$3 million, primarily as a result of a decrease in Medicaid patient revenue of approximately \$6 million and a decrease in private pay patient revenue of approximately \$1.4 million. These decreases are both due to reductions in census. These amounts were offset by a \$5 million increase in supplemental payment received from the PA Department of Public Welfare.

Financial Analysis of the Major Funds

General Fund

Revenues of the general fund totaled \$238,023,919 for the year ended December 31, 2016. The following represents a summary of general fund revenue, by source, along with changes from 2015:

	2016 Amount	2015 Amount	Increase (Decrease) from 2015	Percentage Increase (Decrease)
Real estate taxes	\$ 171,942,346	\$ 171,997,482	\$ (55,136)	(0.03) %
Gaming revenue	8,067,163	8,589,487	(522,324)	(6.08)
Licenses and permits	53,704	37,084	16,620	44.82
Investment earnings	531,435	489,912	41,523	8.48
General grants	24,578,290	25,153,713	(575,423)	(2.29)
Charges for services, fines, and forfeits	22,650,651	22,787,617	(136,966)	(0.60)
Other	10,200,330	9,317,148	883,182	9.48
Total	\$ 238,023,919	\$ 238,372,443	\$ (348,524)	(0.15) %

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Real estate tax revenue was essentially flat in 2016 compared to 2015, primarily as a result of no change to the assessment rate in 2016.

The decrease in gaming revenues is primarily due to increased competition in the local gaming venue market.

The increase in other revenue is due to the closure of several legacy bank accounts maintained by the Office of Judicial Support pursuant to an internal review by that department.

General grants fell from the prior year primarily as a result of a decrease in state funding for the administration and operation of the Court of Common Pleas.

General fund expenditures totaled \$221,259,940 which represents an increase of \$2,664,637 or 1.26% from 2015. The following represents a summary of general fund expenditures for the year ended December 31, 2016, by source, along with changes from 2015:

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Increase (Decrease) from 2015</u>	<u>Percentage Increase (Decrease)</u>
General government	\$ 24,788,550	\$ 22,617,249	\$ 2,171,301	9.60 %
Judicial	47,579,146	48,139,889	(560,743)	(1.16)
Corrections	67,953,351	66,797,819	1,155,532	1.73
Transportation	7,572,663	7,336,000	236,663	3.23
Other	50,057,862	51,388,777	(1,330,915)	2.59
Debt service:				
Principal	16,314,207	15,066,379	1,247,828	8.28
Interest	6,994,161	7,249,190	(255,029)	3.52
Total	<u>\$ 221,259,940</u>	<u>\$ 218,595,303</u>	<u>\$ 2,664,637</u>	<u>1.26 %</u>

General government expenditures increased primarily as a result of increased costs related to Voter Registration and the Bureau of Elections and Voting Machines related to two special elections held in 2016, as well as increased costs for Solicitor, Information Technology, Facilities Management, and Telecommunications.

Judicial costs decreased mainly as a result of lower juvenile placement and detention costs experienced in 2016. District Justice also had decreased costs.

Corrections expenditures increased primarily as a result of increased contractual costs related to the County Prison. Other departments that experienced cost increases over the prior year include the office of the District Attorney, the Medical Examiner, and the Office of Support Enforcement.

Transportation costs rose as a result of an increase in the statutory funding requirement for 2016.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Other expenses decreased primarily due to a decrease in insurance costs of approximately \$1.6 million and a decrease in other programs and grants of approximately \$1.3 million. The decrease in insurance costs is mainly the result of one-time storm damage costs incurred by the County in 2015.

The overall increase in the debt service expenditure amount is primarily due to increased principal costs in 2016.

The following shows the original and final revenue and expenditure budgets for the General Fund (which as noted above required no council amendments):

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenues:			
Real estate taxes	\$ 168,876,000	\$ 168,876,000	\$ -
Gaming revenue	8,600,000	8,600,000	-
Licenses and permits	37,000	37,000	-
General grants	29,190,000	29,190,000	-
Charges for services, fines and forfeits	23,872,000	23,872,000	-
Investment earnings	450,000	450,000	-
Other	8,049,000	8,049,000	-
Total revenues	<u>239,074,000</u>	<u>239,074,000</u>	<u>-</u>
Expenditures:			
General government	26,843,000	27,554,000	711,000
Judicial	57,947,000	57,867,000	(80,000)
Corrections	69,523,000	69,706,000	183,000
Transportation	7,705,000	7,705,000	-
Other	54,541,000	54,798,000	257,000
Debt service:			
Principal	20,399,000	19,174,000	(1,225,000)
Interest	8,148,000	8,302,000	154,000
Total expenditures	<u>\$ 245,106,000</u>	<u>\$ 245,106,000</u>	<u>\$ -</u>

Expenditures

General Government - The general government budget was increased primarily as a result of costs related to Voter Registration and the Bureau of Elections and Voting Machines related to two special elections held in 2016, as well as increased costs for Solicitor, Information Technology, Facilities Management, and Telecommunications.

Corrections – The corrections budget was increased primarily as a result of unanticipated costs for the Medical Examiner and the Sheriff. The budget for the Office of Support Representation was increased to reflect the transfer of a staff position from the Domestic Relations Office budget.

Other - The budget for "other" was increased to reflect the higher than anticipated pension fund contribution

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Debt Service – The budget for debt service was reduced to reflect the transfer of funds to the General Government, Corrections, and other budgets as noted above.

Capital Projects Funds

The County's Capital Project Funds account for financial resources expended to acquire or construct property and equipment. For the year ended December 31, 2016, the County expended \$9,205,847 for such projects, which represents an increase of \$658,108 from 2015. The increase in spending for 2016 is primarily due to higher costs for building renovations as compared to the prior year. Capital Projects Fund balances at December 31, 2016 totaled \$23,744,243, of which \$5,475,000 is nonspendable for an investment pledged by the Delaware County Solid Waste Authority as a Department of Environment Protection Agency bonding requirement.

Health and Human Service Funds

The Health and Human Service Funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditures for specific purposes. The Health and Human Service Funds' had a combined deficiency of revenues over expenditures of \$6,922,992 and \$6,423,000 in 2016 and 2015, respectively. Such deficiencies represented County match in both years and were reflected as operating transfers from the General Fund accordingly.

Other Governmental Funds

The Other Governmental Funds revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditure for specific purposes.

The County maintains seven special revenue funds, which contain activity related to Social Services, Employment and Training, the County's 911 Program, Library Services, Bridge Construction and Repair, Community Development Block Grant Funding and Marcellus Shale Impact Fees. Revenues and expenditures totaled \$56,042,284 and \$58,698,201 respectively, for 2016. These amounts represent an increase in revenue of 13.59% and an increase in expenditures of 12.73% from 2015 amounts. The 911 program had a deficiency of revenues over expenditures of \$4,117,693 which is the County subsidy. The following programs had excess (deficiency) revenues over expenditures in 2016 as follows: Library - \$395,213, Liquid Fuels - \$112,915, CDBG/Rehab program -\$199,648, and Marcellus Shale - \$300,000.

Pension Trust Fund

The net position - reserved for employee's pension benefits was \$472,059,676. The funding status of the employees' pension trust fund remains sound.

Fund Balances

Management feels that the restrictions, commitments and assignments of its fund balances does not significantly affect the resources available for future use of the County for ongoing operations.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to 183,088,939 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements.

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Land	\$ 6,176,214	\$ -	\$ 6,176,214
Land improvements	9,772,388	-	9,772,388
Buildings and improvements	115,595,699	8,432,815	124,028,514
Equipment	25,809,277	1,863,062	27,692,339
Infrastructure	15,439,484	-	15,439,484
Total	<u>\$ 172,793,062</u>	<u>\$ 10,295,877</u>	<u>\$ 183,088,939</u>

Additional information on the County's capital assets can be found in Note 12 on page 67 of this report.

Long-Term Debt

As of December 31, 2016, the County's actual general obligation debt of \$301,517,000 is well below the legal limit of \$1,545,487,349 by \$1,243,970,349. Additional information on the County's long-term debt can be found at Note 16 on pages 76-79 of this report.

The County's bonds continue to have a favorable rating from Moody's Investors Services, Inc. of "Aa1" and Standard and Poor's Rating Group of "AA."

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Economic Outlook

In 2016, Delaware County witnessed another year of steady economic growth in all sections of the economy and every geographic region of the county.

Moody's Investors Service granted Delaware County a high grade rating of Aa1 in 2016. Standard and Poor's rated the county AA.

According to Moody's "Delaware County's credit position is excellent, and its Aa1 rating is above the U.S. county median of Aa2. The rating reflects an extensive tax base with a strong socioeconomic profile, and a healthy financial position."

Major construction projects and company expansions either commenced or were completed throughout the county in 2016.

Some highlights include:

- The completion of a Wyndam Hotel as well as Royal Farms store in Ridley Township resulting in over 150 new jobs.
- The beginning of construction of a new headquarters building in Newtown Square for Equus Partners. Equus is relocating its corporate headquarters from Philadelphia.
- Groundbreaking for a new Headquarters Building for the Franklin Mint Federal Credit Union in Chadds Ford. This locally based credit union recently announced that it now exceeds \$1 billion in assets with nearly 90,000 members.
- Braskem, a manufacturer of plastics, completed a \$30 million expansion at the Marcus Hook Industrial Center.
- Ridley Township broke ground on a new state of the art marina adjacent to the Delaware River in the Township.
- Sunoco Logistics (SLL) relocated corporate headquarters from Philadelphia to Newtown Square.
- A new shopping center anchored by a Wegman's supermarket opened in Concord Township.
- Major construction projects either began or were completed at a number of institutions of higher learning including: Villanova University, Neumann University, Cabrini College, and the Valley Forge Military Academy.
- The new Promenade at Granite Run is under construction in Middletown Township. When completed, this mixed use development will consist of housing and over 830,000 square feet of retail stores.

According to the Philadelphia Inquirer no county in the region has grown as quickly and strongly post-recession as Delaware County. Our heritage industries, such as Boeing, remain vibrant; Boeing employs 4,600 people and spends \$500 million locally. The V-22 Osprey continues to be the most in demand aircraft for the U.S. Marines.

In 2015, the Delaware County Commerce Center completed a 10 year economy development strategy (LED) for the county. The Commerce Center continues to implement its recommendations.

The LED recommended that the county fund a "Business Accelerator for Small Businesses" which need assistance to grow and prosper in the 21st century hi-tech economy. Rather than expend public dollars by creating a stand-alone entity, the Commerce Center created a hybrid

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

public – private partnership program. In conjunction with Headroom, Inc. and the SBA affiliated Service Corps of Retired Executives (SCORE), the county is initially funding and assisting six locally based companies, in the development of business plans and implementing growth and planning for sustained success. There are over 13,000 small businesses in the county. They form the bedrock of any local economy. By creating an accelerator program we hope to create an even more innovative economy.

Finally, growth along the Delaware County Waterfront due to the availability of Marcellus Shale gas continues unabated. Sunoco Logistics' Marcus Hook Industrial complex which currently receives over 75,000 barrels a day of natural gas is scheduled to receive at least three times as much volume with the final approval of the Mariner East 2 pipeline granted in 2016.

According to a study by IHS Global commissioned by the County Industrial Development Authority, the potential for thousands of direct and ancillary jobs exists along the Waterfront. Currently over 1,200 tradesmen are working daily at the site.

In summation, the County remains strong and is positioned for an even stronger future.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, County of Delaware, 201 West Front Street, Media, Pennsylvania 19063.

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Delaware County Solid Waste Authority
Rose Tree Park Hunt Club
1521 North Providence Road
Media, Pennsylvania 19063
- Economic Development Oversight Board
100 West 6th Street, Suite 100
Media, Pennsylvania 19063
- Delaware County Chester Waterfront Industrial Development Authority
100 West 6th Street, Suite 100
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware
100 West 6th Street, Suite 100
Media, Pennsylvania 19063

Basic Financial Statements

County of Delaware, Pennsylvania

 Statement of Net Position
 December 31, 2016

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
Assets				
Cash and cash equivalents	\$ 94,338,514	\$ 1,868,084	\$ 96,206,598	\$ 14,244,819
Receivables (net of allowance for uncollectibles):				
Taxes	8,551,713	-	8,551,713	-
Accounts	2,946,184	25,280,700	28,226,884	5,253,962
Grants	36,396,142	-	36,396,142	-
Notes	5,639,008	-	5,639,008	147,722
Other	6,276,617	-	6,276,617	162,685
Due from component units	7,475,000	-	7,475,000	-
Internal balances	3,758,952	(3,758,952)	-	-
Inventories	-	-	-	126,157
Other assets	7,210,750	1,620	7,212,370	1,596,985
Investments	-	-	-	4,809,297
Restricted cash and cash equivalents	42,824,911	952,559	43,777,470	5,349,394
Investment in joint venture	186,217,856	-	186,217,856	-
Capital assets (net of accumulated depreciation):				
Land	6,176,214	-	6,176,214	8,873,485
Land improvements	9,772,388	-	9,772,388	2,873,827
Construction in progress	-	-	-	-
Buildings and improvements	115,595,699	8,432,815	124,028,514	46,390,645
Equipment	25,809,277	1,863,062	27,672,339	1,568,576
Infrastructure	15,439,484	-	15,439,484	-
Total assets	574,428,709	34,639,888	609,068,597	91,397,554
Deferred Outflows of Resources - Pension	35,178,673	18,122,346	53,301,019	332,055
Total assets and deferred outflows	\$ 609,607,382	\$ 52,762,234	\$ 662,369,616	\$ 91,729,609
Liabilities				
Accounts payable and other current liabilities	\$ 30,093,462	\$ 5,220,975	\$ 35,314,437	\$ 6,916,305
Accrued interest payable	1,409,336	-	1,409,336	-
Other liabilities	33,295,990	-	33,295,990	-
Due to primary government	-	-	-	7,475,000
Unearned revenue	50,125,189	-	50,125,189	75,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	16,554,517	3,395,483	19,950,000	1,086,000
Claims payable	5,575,015	-	5,575,015	-
Early retirement incentives	148,662	-	148,662	-
Due in more than one year:				
Bonds and notes payable	263,997,306	26,114,565	290,111,871	8,391,000
Claims payable	725,007	-	725,007	-
Early retirement incentives	163,529	-	163,529	-
Other post-employment obligation	170,270,000	-	170,270,000	-
Net pension liability	14,479,898	7,459,341	21,939,239	194,963
Accrued closure costs	-	-	-	15,323,421
Total liabilities	586,837,911	42,190,364	629,028,275	39,461,689
Deferred Inflows of Resources - Pension	-	-	-	60,118
Net Position				
Net investment in capital assets	(40,524,551)	(19,214,171)	(59,738,722)	49,205,334
Restricted for:				
Highways and streets	816,798	-	816,798	-
Infrastructure	62,140	-	62,140	-
Library	580,577	-	580,577	-
Community development	5,250,054	-	5,250,054	-
Title IV D program	524,260	-	524,260	-
Capital projects	19,141	-	19,141	-
Economic development	-	-	-	428,141
Solid waste	-	-	-	5,000,000
Unrestricted	56,041,052	29,786,041	85,827,093	(2,425,673)
Total net position	22,769,471	10,571,870	33,341,341	52,207,802
Total liabilities, deferred inflows and net position	\$ 609,607,382	\$ 52,762,234	\$ 662,369,616	\$ 91,729,609

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities

Year Ended December 31, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 139,863,152	\$ 10,808,949	\$ 58,365,882	\$ 2,794,354
Judicial	47,579,146	5,099,131	21,331,407	-
Corrections	70,396,646	9,969,527	871,671	-
Health and human services	293,120,188	-	274,187,086	-
Highways, streets and bridges	5,109,270	-	552,792	4,375,154
Interest on long-term debt	4,715,546	-	-	-
Total governmental activities	560,783,948	25,877,607	355,308,838	7,169,508
Business-type activity, Geriatric Center	80,155,082	74,116,170	-	-
Total primary government	<u>\$ 640,939,030</u>	<u>\$ 99,993,777</u>	<u>\$ 355,308,838</u>	<u>\$ 7,169,508</u>
Component Units				
Solid Waste Authority	\$ 39,434,691	\$ 30,660,828	\$ 2,029,630	\$ -
Economic Development	667,017	20,019	574,336	-
Waterfront Industrial Development Authority	978,834	-	-	-
Redevelopment Authority	6,950,829	-	6,982,610	-
Total component units	<u>\$ 48,031,371</u>	<u>\$ 30,680,847</u>	<u>\$ 9,586,576</u>	<u>\$ -</u>

General Revenues

Property taxes
 Gaming revenue
 Grants and charges not restricted to specific programs
 Other revenues (expenses)
 Unrestricted investment earnings
 Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning

Cumulative effect of prior period
 accounting misclassification

Net Position, Ending

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activity	Total	Component Units
\$ (67,893,967)	\$ -	\$ (67,893,967)	
(21,148,608)	-	(21,148,608)	
(59,555,448)	-	(59,555,448)	
(18,933,102)	-	(18,933,102)	
(181,324)	-	(181,324)	
(4,715,546)	-	(4,715,546)	
(172,427,995)	-	(172,427,995)	
-	(6,038,912)	(6,038,912)	
(172,427,995)	(6,038,912)	(178,466,907)	
			\$ (6,744,233)
			(72,662)
			(978,834)
			31,781
			(7,763,948)
172,268,546	-	172,268,546	-
8,067,163	-	8,067,163	-
959,266	-	959,266	-
-	-	-	(393,947)
979,836	1,721,294	2,701,130	146,989
(3,724,501)	3,724,501	-	-
178,550,310	5,445,795	183,996,105	(246,958)
6,122,315	(593,117)	5,529,198	(8,010,906)
16,647,156	11,164,987	27,812,143	59,470,631
-	-	-	748,077
\$ 22,769,471	\$ 10,571,870	\$ 33,341,341	\$ 52,207,802

County of Delaware, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2016

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 52,538,468	\$ 303,899	\$ 21,817,708	\$ 15,898,407	\$ 90,558,482
Receivables:					
Taxes	9,413,861	-	-	-	9,413,861
Accounts	2,946,184	-	-	-	2,946,184
Grants	5,754,813	-	19,167,584	11,473,745	36,396,142
Notes	-	-	-	5,639,008	5,639,008
Other	128,410	-	-	-	128,410
Due from component units	2,000,000	5,475,000	-	-	7,475,000
Due from other funds	58,457,514	-	19,451,034	9,081,166	86,989,714
Other restricted assets	2,336,493	31,573,418	5,421,304	3,493,696	42,824,911
Other assets	994,359	-	3,734,710	44,531	4,773,600
Total assets	\$ 134,570,102	\$ 37,352,317	\$ 69,592,340	\$ 45,630,553	\$ 287,145,312
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Vouchers and accounts payable	\$ 8,213,939	\$ 1,042,442	\$ 16,995,901	\$ 3,841,180	\$ 30,093,462
Payroll payable	3,945,330	-	-	-	3,945,330
Payable from restricted assets	138,487	-	-	-	138,487
Due to other funds	38,573,831	12,565,632	12,400,206	19,773,933	83,313,602
Unearned revenues	1,849,125	-	34,493,063	13,783,001	50,125,189
Other liabilities	21,986,133	-	5,703,170	1,522,870	29,212,173
Total liabilities	74,706,845	13,608,074	69,592,340	38,920,984	196,828,243
Deferred Inflows of Resources, Unavailable revenues - taxes	7,914,838	-	-	-	7,914,838
Fund Balances:					
Nonspendable:					
Prepaid items	994,359	-	-	-	994,359
Long term receivable	-	5,475,000	-	-	5,475,000
Restricted for:					
Highways and streets	-	-	-	816,798	816,798
Infrastructure	-	-	-	62,140	62,140
Library	-	-	-	580,577	580,577
Community development	-	-	-	5,250,054	5,250,054
Title IV D program	524,260	-	-	-	524,260
Capital projects	-	17,976,140	-	-	17,976,140
Assigned to:					
Capital projects	-	293,103	-	-	293,103
Debt service costs	15,000,000	-	-	-	15,000,000
Employee healthcare costs	15,000,000	-	-	-	15,000,000
Unassigned	20,429,800	-	-	-	20,429,800
Total fund balances	51,948,419	23,744,243	-	6,709,569	82,402,231
Total liabilities, deferred inflows of resources and fund balances	\$ 134,570,102	\$ 37,352,317	\$ 69,592,340	\$ 45,630,553	\$ 287,145,312

County of Delaware, Pennsylvania

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position
December 31, 2016

Amounts reported for governmental activities in the statement of net position
(pages 32) are different because:

Total fund balance - total governmental funds (page 35)	\$ 82,402,231
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	359,010,918
Property taxes receivable will be collected in the future, but are not available to pay for the current period's expenditures and therefore are not recognized as revenue on the governmental fund financial statements	7,914,838
Long-term notes receivable will be collected in the future but are not available to pay for the current period's expenditures and therefore are not recognized as revenue on the governmental fund financial statements	6,148,207
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(862,148)
Pension liabilities are not available or due in the current period and therefore are not reported in the funds	
Net pension liability	(14,479,898)
Deferred outflows related to the net pension liability	35,178,673
Accrued interest payable included on the statement of net position	(1,409,336)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds	
Bonds and notes payable	(280,551,823)
Early retirement incentives	(312,191)
Other post-employment obligation	<u>(170,270,000)</u>
Net position of governmental activities (page 32)	<u>\$ 22,769,471</u>

County of Delaware, Pennsylvania

 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2016

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Real estate taxes	\$ 171,942,346	\$ -	\$ -	\$ -	\$ 171,942,346
Gaming revenue	8,067,163	-	-	-	8,067,163
Licenses and permits	53,704	-	-	-	53,704
General grants	24,578,290	44,976	-	56,042,284	80,665,550
Charges for services, fines and forfeits	22,650,651	-	-	-	22,650,651
Investment earnings	531,435	158,941	-	-	690,376
Health and human service grants	-	-	274,187,086	-	274,187,086
Other	10,200,330	-	-	-	10,200,330
Total revenues	238,023,919	203,917	274,187,086	56,042,284	568,457,206
Expenditures					
Current:					
General government	24,788,550	-	-	-	24,788,550
Judicial	47,579,146	-	-	-	47,579,146
Corrections	67,953,351	-	-	-	67,953,351
Transportation	7,572,663	-	-	-	7,572,663
Health and human services	-	-	281,110,078	-	281,110,078
Highways, streets and bridges	-	-	-	4,770,055	4,770,055
Other	50,057,862	-	-	53,928,146	103,986,008
Debt service:					
Principal	16,314,207	-	-	-	16,314,207
Interest	6,994,161	943,483	-	-	7,937,644
Debt issuance costs	-	443,240	-	-	443,240
Capital outlay	-	9,205,847	-	-	9,205,847
Total expenditures	221,259,940	10,592,570	281,110,078	58,698,201	571,660,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,763,979	(10,388,653)	(6,922,992)	(2,655,917)	(3,203,583)
Other Financing Sources (Uses)					
Issuance of bonds	-	49,420,000	-	-	49,420,000
Premium on bond issuance	-	6,822,900	-	-	6,822,900
Redemption of refunded bonds	-	(55,780,000)	-	-	(55,780,000)
Transfers in	875,000	-	13,845,984	4,238,693	18,959,677
Transfers out	(14,886,186)	-	(6,922,992)	(875,000)	(22,684,178)
Total other financing sources (uses)	(14,011,186)	462,900	6,922,992	3,363,693	(3,261,601)
Net Change in Fund Balances	2,752,793	(9,925,753)	-	707,776	(6,465,184)
Fund Balance, Beginning	49,195,626	33,669,996	-	6,001,793	88,867,415
Fund Balance, Ending	\$ 51,948,419	\$ 23,744,243	\$ -	\$ 6,709,569	\$ 82,402,231

County of Delaware, Pennsylvania

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities
(pages 33-34) are different because:

Net change in fund balances - total governmental funds (page 37)		\$ (6,465,184)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period		
Purchase of capital assets	15,153,436	
Depreciation expense	<u>(9,889,122)</u>	5,264,314
Governmental funds report the County's budget contribution to SEPTA as expenditures. However, in the statement of activities the cost is capitalized as an investment in a joint venture and recognizes the amortization of the investment over the estimated life (See Note 27)		
Investment in joint venture	8,642,278	
Amortization expense	<u>(6,421,305)</u>	2,220,973
Revenues related to real estate taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		342,856
Collections on long-term receivable due from the City of Chester is reported as revenue in the funds, while the collection reduces long-term receivables in the statement of net position		(152,642)
Pension expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds and changes in related deferred amounts		322,713
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2016 are as follows:		
Issuance of debt	(49,420,000)	
Premium on issuance	(6,822,900)	
Allocation of debt issuance and premium to business type activity	15,712,579	
Retirement of debt	55,780,000	
Allocation of debt retirement to business type activity	(15,583,259)	
Scheduled principal payments on long-term debt made in 2016	16,314,207	
Allocation of debt to business type activity for capital assets	1,612,387	
Accretion of bond and note premiums	<u>2,880,074</u>	20,473,088
Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change in interest payable is recorded in the statement of activities.		222,704
OPEB expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds		(16,225,000)
Payments related to early retirement expense is reported as expenditures in the funds, while the payment reduces long-term liabilities in the statement of net position		135,148
An allowance for doubtful collections of real estate taxes receivable is reported on the statement of net position, net of additional penalty and interest on delinquent taxes		<u>(16,655)</u>
Change in net position of governmental activities (pages 33-34)		<u>\$ 6,122,315</u>

See notes to financial statements

County of Delaware, PennsylvaniaStatement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual Comparison - General Fund
Year Ended December 31, 2016

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Real estate taxes	\$ 168,876,000	\$ 168,876,000	\$ 171,942,346	\$ 3,066,346
Gaming revenue	8,600,000	8,600,000	8,067,163	(532,837)
Licenses and permits	37,000	37,000	53,704	16,704
General grants	29,190,000	29,190,000	24,578,290	(4,611,710)
Charges for services, fines and forfeits	23,872,000	23,872,000	22,650,651	(1,221,349)
Investment earnings	450,000	450,000	531,435	81,435
Other	8,049,000	8,049,000	10,200,330	2,151,330
Total revenues	<u>239,074,000</u>	<u>239,074,000</u>	<u>238,023,919</u>	<u>(1,050,081)</u>
Expenditures				
Current:				
General government	26,843,000	27,554,000	24,788,550	2,765,450
Judicial	57,947,000	57,867,000	47,579,146	10,287,854
Corrections	69,523,000	69,706,000	67,953,351	1,752,649
Transportation	7,705,000	7,705,000	7,572,663	132,337
Other	54,541,000	54,798,000	50,057,862	4,740,138
Debt service:				
Principal	20,399,000	19,174,000	16,314,207	2,859,793
Interest	8,148,000	8,302,000	6,994,161	1,307,839
Total debt service	<u>28,547,000</u>	<u>27,476,000</u>	<u>23,308,368</u>	<u>4,167,632</u>
Total expenditures	<u>245,106,000</u>	<u>245,106,000</u>	<u>221,259,940</u>	<u>23,846,060</u>
Excess of Revenues Over Expenditures	<u>(6,032,000)</u>	<u>(6,032,000)</u>	<u>16,763,979</u>	<u>22,795,979</u>
Other Financing Sources (Uses)				
Transfers in	7,025,000	7,025,000	875,000	(6,150,000)
Transfers out	<u>(7,168,000)</u>	<u>(7,168,000)</u>	<u>(14,886,186)</u>	<u>(7,718,186)</u>
Total other financing uses, net	<u>(143,000)</u>	<u>(143,000)</u>	<u>(14,011,186)</u>	<u>(13,868,186)</u>
Net Change in Fund Balance	<u>(6,175,000)</u>	<u>(6,175,000)</u>	<u>2,752,793</u>	<u>8,927,793</u>
Fund Balance, Beginning	<u>46,963,000</u>	<u>46,963,000</u>	<u>49,195,626</u>	<u>2,232,626</u>
Fund Balance, Ending	<u>\$ 40,788,000</u>	<u>\$ 40,788,000</u>	<u>\$ 51,948,419</u>	<u>\$ 11,160,419</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2016

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 1,868,084	\$ 3,780,032
Accounts receivable, net	25,280,700	-
Due from other funds	-	5,299,619
Other restricted assets	952,559	-
Prepaid expense and other assets	1,620	2,437,150
Total current assets	<u>28,102,963</u>	<u>11,516,801</u>
Noncurrent assets:		
Capital assets:		
Buildings and improvements	53,381,271	-
Equipment	38,864,860	-
Total capital assets	92,246,131	-
Less accumulated depreciation	<u>(81,950,254)</u>	<u>-</u>
Total capital assets / noncurrent assets	10,295,877	-
	<u>18,122,346</u>	<u>-</u>
Deferred Outflows of Resources - Pension		
Total assets and deferred outflow	<u>\$ 56,521,186</u>	<u>\$ 11,516,801</u>
Liabilities		
Current liabilities:		
Vouchers and accounts payable	\$ 5,220,975	\$ -
Due to other funds	3,758,952	5,216,779
Claims payable	-	5,575,015
General obligation bonds and notes - current	3,395,483	-
Total current liabilities	<u>12,375,410</u>	<u>10,791,794</u>
Net pension liability	<u>7,459,341</u>	<u>-</u>
Noncurrent liabilities:		
General obligation bonds and notes payable	26,114,565	-
Claims payable	<u>-</u>	<u>725,007</u>
Total noncurrent liabilities	<u>26,114,565</u>	<u>725,007</u>
Total liabilities	<u>45,949,316</u>	<u>11,516,801</u>
Net Position		
Net investment in capital assets	(19,214,171)	-
Unrestricted	<u>29,786,041</u>	<u>-</u>
Total net position	<u>10,571,870</u>	<u>-</u>
Total liabilities and net position	<u>\$ 56,521,186</u>	<u>\$ 11,516,801</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2016

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Operating Revenues		
Charges for services	\$ 74,116,170	\$ 57,798,939
Operating Expenses		
Administration	12,948,208	17,591
Operation, maintenance, and housekeeping	11,052,331	-
Nursing	20,434,890	-
Dietary	7,604,458	-
Medical and physical therapy	6,492,055	-
Employee benefits	18,362,871	-
Insurance claims	-	57,781,636
Depreciation	1,933,141	-
Total operating expenses	<u>78,827,954</u>	<u>57,799,227</u>
Operating Income (Loss)	<u>(4,711,784)</u>	<u>(288)</u>
Nonoperating Revenues (Expenses)		
Investment earnings	311	288
Miscellaneous (expenses) revenues	1,720,983	-
Interest expense	<u>(1,327,128)</u>	<u>-</u>
Total nonoperating (expenses) revenues	<u>394,166</u>	<u>288</u>
Transfers in	3,724,501	-
Change in Net Position	(593,117)	-
Net Position, Beginning	<u>11,164,987</u>	<u>-</u>
Net Position, Ending	<u>\$ 10,571,870</u>	<u>\$ -</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2016

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 81,232,400	\$ 59,109,333
Payments to suppliers	(38,146,080)	(59,081,445)
Payments to employees for services	(40,415,967)	-
	<u>2,670,353</u>	<u>27,888</u>
Net cash provided by operating activities		
	<u>2,670,353</u>	<u>27,888</u>
Cash Flows from Capital and Related Financing Activities		
Acquisitions of capital assets	(1,612,387)	-
Proceeds of debt for purchase of capital assets	1,612,387	-
Principal paid on capital debt	(2,889,792)	-
Interest paid on capital debt	(1,327,128)	-
	<u>(4,216,920)</u>	<u>-</u>
Net cash used in capital and related financing activities		
	<u>(4,216,920)</u>	<u>-</u>
Cash Flows Provided By Investing Activities		
Interest received	311	288
	<u>311</u>	<u>288</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(1,546,256)	28,176
Cash and Cash Equivalents, Beginning	3,414,340	3,751,856
Cash and Cash Equivalents, Ending	<u>\$ 1,868,084</u>	<u>\$ 3,780,032</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities		
Operating loss	\$ (4,711,784)	\$ (288)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,918,141	-
Amortization	95,306	-
Increase in accounts receivable	3,712,968	-
Decrease (increase) in prepaid expense and other assets	(900)	175,051
Decrease in net pension liability and deferred outflows	(166,246)	-
Increase (decrease) in due to other funds	37,653	960,006
Increase in vouchers and accounts payable	1,785,215	-
Decrease in claims payable	-	(1,106,881)
	<u>7,382,137</u>	<u>28,176</u>
Total adjustments		
	<u>7,382,137</u>	<u>28,176</u>
Net Cash Provided By Operating Activities	<u>\$ 2,670,353</u>	<u>\$ 27,888</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2016

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 9,937,748	\$ 66,158
Interest receivable	1,178,861	-
Investments, at fair value:		
U.S. government securities	53,338,380	-
Corporate bonds	35,790,930	-
Common and preferred stocks and stock funds	338,779,455	-
Guaranteed investment contracts	25,992,394	-
Annuity contracts	3,206,867	-
Other fixed income securities	4,466,329	-
	<u>461,574,355</u>	<u>-</u>
Total investments	461,574,355	-
	472,690,964	66,158
Total assets	472,690,964	66,158
Liabilities		
Accounts payable and other liabilities	631,288	279
	<u>631,288</u>	<u>279</u>
Net Position		
Net position restricted for pensions and other	\$ 472,059,676	\$ 65,879
	<u>\$ 472,059,676</u>	<u>\$ 65,879</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2016

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
Additions		
Contributions:		
Plan members	\$ 10,747,880	\$ -
County	5,160,038	-
Total contributions	<u>15,907,918</u>	<u>-</u>
Investment earnings:		
Interest and dividends	10,853,117	3
Net depreciation in fair value of investments	22,969,692	-
Less investment expense	<u>(1,483,582)</u>	<u>-</u>
Net investment (loss) gain	<u>32,339,227</u>	<u>3</u>
Total additions	<u>48,247,145</u>	<u>3</u>
Deductions		
Death benefits	979,876	-
Refunds of contributions	3,453,421	-
Administrative expenses	48,803	9,567
Retirement allowance	<u>20,604,499</u>	<u>-</u>
Total deductions	<u>25,086,599</u>	<u>9,567</u>
Net Increase (Decrease) in Net Position	23,160,546	(9,564)
Net Position, Restricted for Pensions and Other, Beginning	<u>448,899,130</u>	<u>75,443</u>
Net Position, Restricted for Pensions and Other, Ending	<u>\$ 472,059,676</u>	<u>\$ 65,879</u>

See notes to financial statements

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the County of Delaware, Pennsylvania (the "County"), conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the County's financial statements.

Financial Reporting Entity

The County was established under the laws of the Commonwealth of Pennsylvania in 1789 and operates under a Home Rule Charter form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units, discussed in Note 2, are included in the County's reporting entity as discretely presented component units. Component units are legally separate organizations with which the County has a significant operational or financial relationship.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used which are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The expenses reported for functional activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants 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 properly not included among program revenues are reported instead as *general revenues*.

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

Capital Projects Fund are used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities other than those financed by other funds.

The Health and Human Service Fund accounts for operations and administration of various County health and human service programs. Financing is provided by state and federal grants with an appropriation from the County General Fund.

The County reports two proprietary funds:

The Enterprise Fund is maintained to account for the operations of the County's Geriatric Center, which is intended to be self-supporting. The nature of the County's Enterprise Fund is such that the determination of net income on a periodic basis is an important consideration and, as such, all operating expenses, including depreciation, are recorded.

The Internal Service Fund is maintained to account for the operations of the County's Health, Casualty/Liability and Workers' Compensation Self-Insurance Programs.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

The County's Fiduciary Fund accounts for the Pension Trust Fund and the Deshong Trust Fund.

The Pension Trust Fund is maintained to account for assets held by the County in a trustee capacity for individuals currently or previously employed by the County. The County's Pension Trust Fund reports using the economic resources measurement focus.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Deshong Trust Fund is maintained to account for the assets held by the County in a trustee capacity obtained through the distribution of the Deshong estate. The Deshong Trust Fund is a private purpose trust fund since the principal can be expended.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to patients for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgetary Accounting Control

In accordance with the County's Home Rule Charter and Administrative Code, the County prepares and adopts a budget at least ten days prior to December 31 for the subsequent calendar year. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management may not revise the total budget amounts by fund level without the approval of County Council. Budgetary transfers and/or additional appropriations from additional revenues received or from unexpended funds appropriated, but not spent in prior years, must be approved by County Council. All appropriations lapse at the end of the year.

Budgets are prepared on a modified accrual basis and are adopted for the General Fund and the Liquid Fuels Nonmajor Special Revenue Fund.

Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash restricted for closure costs are not considered cash equivalents.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

Investments

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. Investment purchases are recorded as of the trade date. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are generally reported at cost, which is not expected to be materially different from fair value. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of pension plan investments. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is calculated based on collection history and was \$547,182 at December 31, 2016.

Interfund Transactions

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2016, appropriate interfund receivables or payables have been established.

Restricted Assets

Restricted assets represent resources deposited in financial institutions for liquidation of specific obligations.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

General infrastructure assets acquired prior to December 31, 2001 consist of bridges and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

Capital outlay greater than \$5,000 are capitalized and depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	100 years
Land improvements	20 years
Buildings and improvements	45 years
Equipment	5 - 20 years

Compensated Absences

County employees are granted vacation and sick leave in varying amounts based on their length of employment. Vacation leave is earned by employees on a monthly basis each year. All vacation leave earned must be used by February 15, following the year earned. Sick leave is earned by employees on a monthly basis and may be accumulated up to a maximum of 180 days. In the event of termination, an employee is compensated for all earned and unused vacation leave. Employees are not compensated for earned and unused sick leave.

Unearned Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2016, are recorded as unearned revenue on the governmental fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the County will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports the unamortized balance of differences in expected and actual expense related to the net pension asset and the contributions made subsequent to the measurement date as deferred outflow of resources.

In addition to liabilities, the County will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the County reports a component unit's unamortized balance of differences in expected and actual expense related to the net pension liability as deferred inflows of resources.

County of Delaware, Pennsylvania

Notes to Financial Statements
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Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position, where applicable, bond and note premiums and discounts, are deferred and amortized over the life of the bonds and notes using the effective interest method.

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs as expense, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

Governmental fund balance classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The County reports the following classifications for governmental fund balances:

Nonspendable Fund Balance - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity. Specifically included in this category are prepaid expenses and long-term receivables.

Restricted Fund Balance - Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Specifically included in this category are amounts restricted for highways and streets, infrastructure, library, community development, the Title IV D program and capital projects.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by County Council by passing a resolution. Committed amounts cannot be used for any other purpose unless County Council removes those constraints by taking the same action. There are no fund balances meeting this category definition.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by County Council or official to which County Council has delegated the authority to assign fund balances. County Council has delegated this authority to the Executive Director of the County as approved by the County fund balance policy. Specifically included in this category are amounts assigned for capital projects, debt service costs, and increases in employee healthcare costs.

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Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

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

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide financial statements, net position is classified in the following categories.

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations or other governments, enabling legislation.

Unrestricted Net Position - This amount is all net position amounts that do not meet the definition of net investment in capital assets or restricted net position.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

The County adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of Statement No. 72 is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this standard resulted in additional disclosures for the County's investments and related fair value.

The County adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The primary objective of Statement No. 76 is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles ("GAAP"). Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative literature and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of Statement No. 76 did not impact the financial presentation or disclosure of the County's financial statements and did not impact the application of accounting principles applied by the County.

The County adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The County implemented the reporting requirements of this standard as of January 1, 2016. None of the abatements were material, individually or in aggregate, to the financial statements, so no additional disclosures were required.

The County adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 permits qualifying external investment pools to measure pool investments, which function similarly to private sector money market funds, at amortized cost and establishes additional disclosure requirements for both the pool and its participants. The adoption of Statement No. 79 did not impact the financial presentation or disclosure of the County's financial statements.

2. Reporting Entity

The County has determined that the Delaware County Solid Waste Authority ("DCSWA"), the Economic Development Oversight Board ("EDOB"), the Redevelopment Authority of the County of Delaware ("RDA") and the Delaware County Chester Waterfront Industrial Development Authority ("IDA") are separate legal entities for which the County has a significant operational or financial relationship and should be included in the County's financial statements as aggregate discretely presented component units.

Discretely Presented Component Units

The Delaware County Solid Waste Authority, an entity legally separate from the County, is governed by a board appointed by County Council and County Council has the ability to impose its will on the DCSWA. Additionally, a member of County Council sits on the board of the DCSWA and the DCSWA is financially dependent on the County. Its purpose is to provide waste disposal almost entirely for citizens of the County.

County of Delaware, Pennsylvania

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The Economic Development Oversight Board, an entity legally separate from the County, is governed by a board appointed by County Council. County Council has the ability to impose its will and is financially responsible for the EDOB. Its purpose is to encourage economic development in Delaware County by facilitating the retention of existing business, the formation of new business and the vitality of all business within the County of Delaware.

The Redevelopment Authority of the County of Delaware, an entity legally separate from the County, is governed by a board appointed by County Council. County Council has the ability to impose its will on the RDA. The RDA was created by the County for the delivery of services to County residents, pursuant to the Urban Redevelopment Law, Act of 1945. The RDA acts as the vehicle for condemnation and development within the County.

The Delaware County Chester Waterfront Industrial Development Authority, an entity legally separate from the County, is governed by a board whose voting majority is appointed by County Council. County Council has the ability to impose its will and is financially responsible for the IDA. The IDA is an industrial development authority incorporated in the Commonwealth of Pennsylvania on July 3, 2008. IDA was formed pursuant to the Economic Development Financing Law (73 P.S. Section 371) for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects and public facilities in certain geographic regions within the City of Chester.

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Delaware County Solid Waste Authority
Rose Tree Park Hunt Club
1521 North Providence Road
Media, Pennsylvania 19063
- Economic Development Oversight Board
100 West 6th Street, Suite 100
Media, Pennsylvania 19063
- Delaware County Chester Waterfront
Industrial Development Authority
100 West 6th Street, Suite 100
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware
100 West 6th Street, Suite 100
Media, Pennsylvania 19063

County of Delaware, Pennsylvania

Notes to Financial Statements

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The following presents the condensed financial statements for each of the discretely presented component units.

Condensed Statement of Net Position					
December 31, 2016					
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelop- ment Authority	Totals
Assets:					
Current assets	\$ 15,891,906	\$ 1,211,061	\$ 61,604	\$ 4,717,153	\$ 21,881,724
Long-term assets	9,809,297	-	-	-	9,809,297
Capital assets, net	35,319,884	-	23,362,450	1,024,199	59,706,533
Total assets	61,021,087	1,211,061	23,424,054	5,741,352	91,397,554
Deferred outflows of resources	332,055	-	-	-	332,055
Total	\$ 61,353,142	\$ 1,211,061	\$ 23,424,054	\$ 5,741,352	\$ 91,729,609
Liabilities:					
Current liabilities	\$ 7,816,715	\$ 89,190	\$ -	\$ 171,400	\$ 8,077,305
Long-term liabilities	23,909,384	-	-	-	23,909,384
Due to primary government	7,475,000	-	-	-	7,475,000
Total liabilities	39,201,099	89,190	-	171,400	39,461,689
Deferred inflows of resources	60,118	-	-	-	60,118
Net position:					
Net investment in capital assets	25,842,884	-	23,362,450	-	49,205,334
Restricted	5,000,000	428,141	-	-	5,428,141
Unrestricted	(8,750,959)	693,730	61,604	5,569,952	(2,425,673)
Total net position	22,091,925	1,121,871	23,424,054	5,569,952	52,207,802
Total	\$ 61,353,142	\$ 89,190	\$ -	\$ 171,400	\$ 91,729,609

County of Delaware, Pennsylvania

Notes to Financial Statements
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Condensed Statement of Activities For the Year Ended December 31, 2016

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelop- ment Authority	Totals
Program revenues:					
Charges for services	\$ 30,660,828	\$ 20,019	\$ -	\$ -	\$ 30,680,847
Operating grants and contributions	2,029,630	574,336	-	6,982,610	9,586,576
Total	32,690,458	594,355	-	6,982,610	40,267,423
Expenses:					
Operating expenses	(34,913,139)	(667,017)	-	(6,950,829)	(42,530,985)
Depreciation and depletion	(4,521,552)	-	(978,834)	-	(5,500,386)
Total	(39,434,691)	(667,017)	(978,834)	(6,950,829)	(48,031,371)
Net expense	-	-	-	-	-
General revenues(expense)	(316,379)	66,670	121	2,630	(246,958)
Change in net position	(7,060,612)	(5,992)	(978,713)	34,411	(8,010,906)
Net position, beginning	28,404,460	1,127,863	24,402,767	5,535,541	59,470,631
Cumulative effect of prior period accounting misclassification	748,077	-	-	-	748,077
Net position, ending	<u>\$ 22,091,925</u>	<u>\$ 1,121,871</u>	<u>\$ 23,424,054</u>	<u>\$ 5,569,952</u>	<u>\$ 52,207,802</u>

Related Organizations

The following organizations are considered to be related organizations of the County because of their relationship and mutual interest. Although the County appoints a voting majority of the organizations' governing boards in most instances, the County has determined that these organizations are not component units. These related organizations are as follows:

- Delaware County Housing Authority
- Delaware County Housing Development Corporation
- Delaware County Regional Water Quality Control Authority
- Delaware County Industrial Development Authority
- Community Transit of Delaware County, Inc.
- Community Action Agency of Delaware County
- Delaware County Authority
- Delaware Valley Regional Finance Authority ("DVRFA")

3. Component Units - Summary of Significant Accounting Policies

Solid Waste Authority

Basis of Accounting

The management focus is on the flow of economic resources and the accrual basis of accounting, whereby, revenues are recognized when earned and expenses are recorded when incurred.

Landfill Site/Depletion

The estimated value of the landfill at acquisition and additional purchases for expanding capacity is being depleted over the projected life of the landfill. Depletion is charged annually against income in a manner consistent with the physical usage of the site based upon the site's estimated capacity. The estimated remaining landfill life is approximately ten years.

Closure and Post Closure Costs

Municipal landfill owners and operators are required to incur costs to provide for protection of the environment both during the period of the landfill operation and during the post closure period. These costs are estimated annually and current cost is adjusted for changes in landfill capacity, operating conditions and increases or decreases in estimated costs. Closure and post closure costs include equipment installed and facilities constructed near or after the date of acceptance of solid waste, cost of the final capping, and the cost of monitoring and maintaining the area during the post closure period. The DCSWA has established an account to accumulate the anticipated cost of closure and post closure based on usage of the landfill. An amount is charged annually to operations to recognize the current cost and resultant liability based on landfill capacity used to date. The estimate of closure and post closure costs were determined taking into account capping, revegetation, maintenance, leachate treatment, water quality monitoring, and gas control. In determining the closure and post closure costs, an inflation rate was utilized at the rate of 4.967%, plus administrative fees of 10% and \$1,228,816 contingency charge that would anticipate covering unexpected changes in technology, inflation, or applicable laws and regulations.

Pursuant to the Municipal Waste Planning, Recycling, and Waste Reduction Act of the Commonwealth of Pennsylvania, Act No. 101 of July 28, 1988, P.L. 556, DCSWA is required to pay to a trust, on a quarterly basis, \$0.25 per ton of weighed waste to be used for remedial measures and emergency actions necessary to prevent or abate adverse effects on the environment subsequent to landfill closure. Any funds remaining in the trust subsequent to the final closure are divided between the host county and host municipality.

The DEP raised the bonding requirement to the amount of \$20,714,788 which was met and is being maintained. In 2014, the DEP released restricted assets and the letter of credit in exchange for DCSWA obtaining a surety bond amounting to \$20,390,083 for post closure costs. Terms of the surety bond require DCSWA to deposit \$5,000,000 in cash collateral to be held in an interest bearing account by the Surety Company. This amount is reflected as restricted cash on the statement of net position.

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Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$15,323,421 and \$650,990 was charged against income in 2016. The estimated closure and post closure costs total \$20,714,788, comprised of \$4,869,201 of closure costs and \$15,845,587 of post closure costs. At December 31, 2016, there remains \$5,391,367 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

Inventory

The DCSWA maintains an inventory of purchased goods used in construction and capping activities which are stated at cost.

Restricted Net Position

Restricted net position of the DCSWA represent funds set aside for use during the post-closure phase of the landfill's life.

Capital Assets

Capital assets are recorded at historical cost. A full fixed asset inventory was conducted in a prior period. Estimates were used as original cost for those items where actual cost records were unavailable. Assets not previously accounted for at that time were shown at their net transferable value with accumulated depreciation charged accordingly. For those assets considered by management to be obsolete, a change in accounting estimate was made to reflect proper depreciation amounts.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Which range from two to thirty-seven years. Assets exclusively related to the landfill are depreciated over the lesser of their estimated useful life or the anticipated life of the landfill.

Covanta Delaware Valley, LP - Revenue and Expense

The DCSWA has assumed from the County, the right, title, and interest in a service agreement with Covanta Delaware Valley, LP ("Covanta"). The County, through DCSWA, is obligated to deliver County waste to the Covanta facility for each billing year of twelve consecutive months guaranteed tonnage of 303,375 tons. Covanta is required, in turn, to pay the DCSWA, landfill host community fees for process residue resulting from the processing of the 303,375 tons of County waste at its facility. Further, Covanta pays to the DCSWA disposal fees for non-County waste. During 2016, DCSWA paid to Covanta \$11,934,607, which included insurance costs, for its County waste deliveries. Covanta paid to the Authority \$6,656,431 in residue charges.

Concentrations

The DCSWA derived 20% of its operating revenue from Covanta.

County of Delaware, Pennsylvania

Notes to Financial Statements
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Waterfront Industrial Development Authority

Property

Capital assets shown on these financial statements have been primarily financed by grants from both the County and the RDA. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation.

Lease and Development Agreement

The IDA entered into a lease and development with F.C. Pennsylvania Stadium LLC, as tenant of the stadium property to acquire, construct, furnish and equip a new stadium with related improvements and amenities. Further, the tenant will occupy the stadium premises during the terms of the lease as the tenant's exclusive forum and location for playing and exhibition. The IDA retains legal ownership of and legal title to the stadium premises. However, during the term of the agreement, the tenant has legal and beneficial ownership of and legal title to leasehold interest in and to the Stadium facility.

4. Fair Value Measurements

The County's cash and cash equivalents and investments measured at fair value include the following assets from each major fund classification at December 31, 2016:

	<u>Cash and cash equivalent</u>	<u>Restricted cash and cash equivalent</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities	\$ 94,338,514	\$ 42,824,911	\$ -	\$ 137,163,425
Business-Type Activity	1,868,084	952,559	-	2,820,643
Pension Trust Fund	9,937,748	-	461,574,355	471,512,103
Deshong Private-Purpose Trust Fund	66,158	-	-	66,158
Total cash and cash equivalent and investments	<u>\$ 106,210,504</u>	<u>\$ 43,777,470</u>	<u>\$ 461,574,355</u>	<u>\$ 611,562,329</u>

The County measures its cash and cash equivalents and investments on a recurring basis in accordance with the fair value hierarchy. The investments were measured with the following inputs at December 31, 2016:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Cash and cash	\$ 149,987,974	\$ 149,987,974	\$ 149,987,974	\$ -	\$ -	\$ 149,987,974
Common stock	338,779,455	338,779,455	338,779,455	-	-	338,779,455
Fixed income	93,595,639	93,595,639	93,595,639	-	-	93,595,639
Annuity contract	3,206,867	3,206,867	-	-	3,206,867	3,206,867
Guaranteed investment contracts	25,992,394	25,992,394	-	-	25,992,394	25,992,394
Total	<u>\$ 611,562,329</u>	<u>\$ 611,562,329</u>	<u>\$ 582,363,068</u>	<u>\$ -</u>	<u>\$ 29,199,261</u>	<u>\$ 611,562,329</u>

County of Delaware, Pennsylvania

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the reporting entity's own belief about the assumptions market participants would use in pricing the asset or liability based upon the best information available in the circumstances. Additionally, the inputs are prioritized based on a three-level hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 - valuations are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities.
- Level 2 - valuations are based on quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - valuations are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

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

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of this financial instrument.

Common stock: Valued at fair value based upon quoted market prices.

Fixed income: Valued at fair value based upon quoted market prices, if available, or estimated using quoted market prices for similar securities.

Annuity contracts: Valued at contract value, which approximates fair value, based on the Prudential Insurance Company of America's ("Prudential") ability to pay the guaranteed amounts in accordance with the terms of the contract. As of December 31, 2016, Prudential's credit ratings were as follows: A+ by A.M. Best Company, AA- by Fitch Ratings, A1, by Moody's Investors Service, and AA- by Standard & Poor's. Management believes the credit ratings of Prudential as of the measurement date uphold the firm's ability to meet obligations set forth in the contracts.

Guaranteed investment contracts: Valued at contract value, which approximates fair value, based on Nationwide Life Insurance Company's ("Nationwide") ability to pay the guaranteed interest rate in accordance with the terms of the contract. As of December 31, 2016, Nationwide's credit ratings were as follows: A+ by A.M. Best Company, A1, by Moody's Investors Service, and A+ by Standard & Poor's. Management believes the credit ratings of Nationwide as of the measurement date uphold the firm's ability to meet obligations set forth in the contracts.

County of Delaware, Pennsylvania

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5. Deposits and Investments

The County's investments are included primarily in the Pension Trust Fund and are invested in accordance with the appointed Employee's Retirement Board's (the "Board") investment policy. The policy authorizes the County to invest in cash equivalents which consist of treasury bills, money market funds, commercial paper, certificates of deposit, common trust funds, mutual funds, and fixed income securities which consist of U.S. government and agency securities, collateralized mortgage obligations, mortgage-backed pass-throughs, nontaxable corporate bonds, asset-backed securities, and GNMA pass-through securities.

In defining the objectives of the Retirement Fund, the Board has carefully reviewed its current and projected financial obligations as well as the risk and return relationships included in various asset allocation strategies. Based on these considerations, the Fund objectives are:

1. To invest assets of the Retirement Fund in a manner consistent with the fiduciary standards of Act 96, namely: (a) all transactions undertaken must be for the sole interest of Fund participants and their beneficiaries and to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
2. To provide for the funding and anticipated withdrawals on a continuing basis.
3. To conserve and enhance the capital value of the Retirement Fund in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.
4. To minimize principal fluctuations over the investment cycle (three to five years).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the policy of the Board.

Equity funds invested in common stock, preferred stocks, and publicly traded real estate investment trusts shall be restricted to the high quality, readily marketable securities of corporations that are actively traded on a major exchange.

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category. Other than these constraints, there are no qualitative guidelines suggested as to issues, industry, or individual security diversification.

In order to maintain an effective money management structure that is style neutral, the large capitalization growth equity portion of the investment portfolio shall not exceed the large capitalization value equity portion of the portfolio by more than a two-to-one ratio. Conversely, value shall not exceed growth by the same ratio. This same relationship should be followed for the portfolio's small capitalization equity money managers as well.

With regards to fixed income investments, all investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, federal agencies, and U.S. government-guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles.

Credit Risk

Concentration of credit risk is the risk of loss attributed to magnitude of the County's investment in a single issuer. 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.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The overall rating of the fixed income assets shall be at least "A," according to either Moody's or Standard & Poor's rating system. In cases where the yield spread adequately compensates for additional risk, Baa or BBB ratings can be purchased up to a maximum of 15% of total market value of fixed income securities. If the credit quality of any one issue should drop below Baa or BBB, the investment manager should notify the Board and the investment consultant immediately, detailing their plan of action regarding the security.

Active bond management is encouraged and may require transactions that will temporarily lower the return or change the maturity of the portfolio in anticipation of market changes. Holdings of individual securities should be liquid so as not to incur unnecessary transaction costs.

The following securities and transactions are not authorized and shall not be purchased: letter stock and other unregistered securities, commodities or commodity contracts, short sales, margin transactions, private placements (with exception of Rule 144A securities), derivatives, options of futures for the purpose of portfolio leveraging are also prohibited, issues of or by instrumentalities deemed to be in violation of the Prohibited Transactions Standards of Act 96. Neither real estate equity nor natural resource properties such as oil, gas, or timber may be held except by purchase of publicly traded securities, except for existing real estate holdings. The purchase of collectibles is also prohibited.

All securities shall be held by a custodian appointed by the Board for safekeeping. The custodian shall produce statements at least quarterly listing the name and value of all assets held, and the dates and nature of all transactions. Assets of the Fund held as liquidity of investment reserves shall, at all times, be invested in interest-bearing accounts.

At December 31, 2016, cash and cash equivalents consists of cash on hand of \$8,599, deposits with financial institutions of \$140,496,722, and cash equivalents of \$9,482,653 held in uninsured investment funds. At December 31, 2016, the carrying amount of deposits with financial institutions and the bank balance was \$140,496,722 and \$155,532,688, respectively. The differences were caused primarily by items in transit.

County of Delaware, Pennsylvania

Notes to Financial Statements
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Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971 ("Act 72"), as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At December 31, 2016, \$672,400 of the County's bank balance was insured by the Federal Deposit Insurance Corporation ("FDIC"). The remaining balance of \$154,860,288 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2016 the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the County's name	\$ 154,860,288
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Custodial credit risk is the risk that in the event of a failure of the counterparty (trustee) to a transaction, the County will not be able to recover the value of its investment. The Board does not have a formal policy for custodial credit risk. As of December 31, 2016, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture, of \$471,056,999 were exposed to custodial credit risk, since the investments were uninsured securities held by its custodian, but not in the County's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board's investment guidelines have no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio be invested in developed international markets. On December 31, 2016, the international equity fund represented approximately 16.8% of the total portfolio.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

The following is the carrying value (fair value) of deposits and investments at December 31, 2016:

	S&P Rating (1)(2)	Duration (Range) (1)	Fair Value
Cash and cash equivalents	N/A	N/A	\$ 149,987,974
Investments:			
U.S. government and agencies	AA+	1.38-4.33	2,090,032
	N/A	0.01-10.63	51,248,348
Corporate bonds	A-	0.37-2.61	5,373,769
	AA-	0.46-2.46	2,932,904
	A	0.41-2.10	5,597,889
	BBB+	0.31-3.25	10,292,481
	A+	0.56-2.61	1,820,354
	BBB	0.44-2.61	6,436,153
	AAA	3.65	258,213
	AA	0.48-0.92	764,941
	AA+	0.96-2.82	1,875,715
	BBB-	0.32-0.93	438,511
Stocks	N/A	N/A	338,779,455
Guaranteed investment contracts	N/A	N/A	25,992,394
Annuity	N/A	N/A	3,206,867
Asset-backed securities	AAA	0.69	100,700
	BBB+	1.12	163,810
	N/A	0.85	124,494
	A-	4.95	350,000
Municipal bonds	A+	1.33-1.91	330,081
	AA	0.44-5.32	2,147,341
	AA-	0.07-3.94	500,255
	AA+	0.07-1.78	336,229
	AAA	0.10-1.46	135,509
	NR	1.98	139,883
Mortgage-backed pass-throughs	N/A	0.39-0.55	138,027
Total investments			<u>461,574,355</u>
Total			<u>\$ 611,562,329</u>

(1) N/A - not applicable

(2) N/R - not rated

6. Component Units – Deposits, Investments and Fair Value

Solid Waste Authority

On December 31, 2016, the DCSWA held \$9,380,061 in unrestricted cash and cash equivalents.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

Custodial credit risk is the risk that in the event of a bank failure, the DCSWA's deposits may not be returned to it. The DCSWA's policy is to place deposits only in FDIC insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Commonwealth of Pennsylvania Public Law 72 of 1971, which allows depositories to satisfy collateralization requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance.

DCSWA holds a surety bond. The bond requires a cash collateral deposit of \$5,000,000 which is included in restricted cash as of December 31, 2016. Per terms of the surety bond, the collateral deposit is protected from custodial credit risk.

At December 31, 2016, the DCSWA's investments consist solely of certificates of deposit totaling \$4,809,297, which were all deemed to be Level 1 investments. The certificates of deposits were values based on the stated value of the certificates plus accrued interest which was calculated based on stated interest rates and dates of maturity.

Economic Development Oversight Board

On December 31, 2016, the total carrying amount of EDOB's checking and savings deposits was \$540,994 and the corresponding bank balance was \$548,706.

Custodial credit risk is the risk that in the event of a bank failure, the EDOB's deposits may not be returned to it. The EDOB's policy is to place deposits only in FDIC insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Commonwealth of Pennsylvania Public Law 72 of 1971, which allows depositories to satisfy collateralization requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. In the normal course of business, EDOB may have deposits that exceed insured balances.

Chester Waterfront Industrial Development Authority

On December 31, 2016, the IDA held \$61,604 in cash and cash equivalents and a corresponding bank balance of \$61,604.

Custodial credit risk is the risk that in the event of a bank failure, the IDA's deposits may not be returned to it. The IDA does not have a written policy for custodial credit risk. The bank balances are covered by federal depository insurance.

Redevelopment Authority

On December 31, 2016, the total carrying amount of RDA's checking, savings and escrow deposits was \$4,611,554 and the corresponding bank balance was \$4,612,054.

Custodial credit risk is the risk that in the event of a bank failure, the RDA's deposits may not be returned to it. The RDA does not have a policy for custodial credit risk. In the normal course of business, the RDA may have deposits that exceed insured balances.

County of Delaware, Pennsylvania

Notes to Financial Statements
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7. Property Taxes

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are levied on February 1, payable on the following terms: 2% discount February 1 through April 1; face amount April 2 through June 1; and 10% penalty after June 2. The County bills and collects its own property taxes and revenues are recognized in the period in which they become susceptible to accrual, which is when they become both measurable and available. Real estate taxes receivable are recorded net of an allowance for uncollectibles totaling \$547,182 as of December 31, 2016 on the statement of net position.

The County is permitted by law to levy taxes of an unlimited rate of mills on every dollar of assessed value of real property for general governmental services. At December 31, 2016, the millage rate was .5604%.

8. Other Receivables

Other receivables of \$6,276,617 in the governmental activities consist of amounts due from the City of Chester of \$6,148,207 (Note 28) and various other receivables of \$128,410.

9. Accounts and Grants Receivable, Net

Accounts receivable, net of \$25,280,700 in the business-type activity consists of amounts due from the Commonwealth of Pennsylvania Department of Public Welfare Medical Assistance of \$15,621,448; Private Pay Patients of \$7,391,419; Medicare Part A and B of \$1,863,014 and other patient-related receivables of \$1,693,612. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$1,288,793 at December 31, 2016.

Accounts receivable, net of \$2,946,184 in the governmental activities consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$1,403,489 and various miscellaneous receivables of \$1,542,695.

Grants receivable, net of \$36,396,142 in the governmental activities consists of amounts due from Federal agencies and the Commonwealth of Pennsylvania.

10. Component Units - Accounts Receivable, Net

The DCSWA manages the County owned transfer stations and is responsible for the receipt and transfer of solid waste materials as provided by commercial or private haulers. Beginning in January 1995, it was determined by agreement between the DCSWA and the County that the fees and permits collected from commercial or private haulers would remain with the DCSWA and represent income. Fees that were due relative to the receipt of solid waste at December 31, 2016 are represented by receivables in the amount of \$3,966,347, net of an allowance for doubtful accounts of \$129,326. Commercial and private haulers that deposit waste at the landfill are charged hauling fees that are reflected in the DCSWA's income. Receivables representing hauler fees at December 31, 2016 totaled \$1,287,615. No allowance has been established for the landfill hauler fees since all were anticipated to have been collected.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

11. Restricted Assets

Assets whose use is limited to a specific purpose have been classified as "restricted" cash and cash equivalents in the statement of net position. As of December 31, 2016, restricted cash and cash equivalents are held for the following:

Primary government:

District Attorney Escrow Funds representing monies confiscated from arrested individuals, who ultimately will be distributed based upon court order. The aggregate amount has been classified as other restricted assets on the General Fund balance sheet	\$ 261,693
Marcellus Shale Funds are restricted pursuant to PA Act 13, for replacement or repair of locally owned at-risk deteriorated bridges and the planning acquisition, development rehabilitation and repair of greenways, recreational trails, open space, natural areas, community conservation and beautification projects, community and heritage parks and water resources management	3,493,696
Workers' Compensation Escrow Funds are to be utilized for payment of major workers' compensation claims	2,074,800
Emergency Communications Escrow Funds to be utilized for payment of maintenance agreements related to 911 global positioning system equipment in the capital project fund	1,384
Capital Project Funds to be utilized for various capital improvement projects as defined in the corresponding note agreements	31,554,276
Capital Project Funds to be utilized for Help America Vote Act Program	17,758
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	5,421,304
Residents' Accounts are to be utilized by the residents; Residents Special Aid and Entertainment Escrow Funds are to be utilized for entertainment of the Geriatric Center's residents and are distributed by a resident's council; both are classified as other restricted assets on the proprietary funds statement of net position	<u>952,559</u>
Total	<u>\$ 43,777,740</u>

Component units:

Delaware County Solid Waste Authority deposited funds with an escrow agent to be used for the payment of closure and post closure care costs	\$ 5,000,000
Delaware County Economic Development Oversight Board maintains restricted cash related to Community Development Block Grant revolving loan fund requirements	346,197
Delaware County Redevelopment Authority deposited funds with an escrow agent	<u>3,167</u>
Total	<u>\$ 5,349,394</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

12. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2016	Additions	Reclassifi- cations/ Disposals	December 31, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,658,759	\$ 517,455	\$ -	\$ 6,176,214
Total capital assets not being depreciated	5,658,759	517,455	-	6,176,214
Capital assets being depreciated:				
Land improvements	17,083,624	4,360,440	-	21,444,064
Buildings and improvements	231,369,337	1,798,457	-	233,167,794
Equipment	100,133,500	4,576,972	(456,399)	104,254,073
Infrastructure	16,045,239	3,900,113	-	19,945,352
Total capital assets being depreciated	364,631,700	14,635,982	(456,399)	378,811,283
Less accumulated depreciation for:				
Land improvements	10,859,470	812,206	-	11,671,676
Buildings and improvements	112,598,849	4,973,246	-	117,572,095
Equipment	74,969,950	3,931,245	(456,399)	78,444,796
Infrastructure	4,333,443	172,425	-	4,505,868
Total accumulated depreciation	202,761,712	9,889,122	(456,399)	212,194,435
Total capital assets being depreciated, net	161,869,988	4,746,860	-	166,616,848
Governmental activities, capital assets, net	\$ 167,528,747	\$ 5,264,315	\$ -	\$ 172,793,062

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

	January 1, 2016	Additions	Reclassifi- cations/ Disposals	December 31, 2016
Business-type activity, Geriatric Center: Capital assets being depreciated:				
Buildings and improvements	\$ 52,616,307	\$ 764,964	\$ -	\$ 53,381,271
Equipment	38,086,139	847,422	(68,700)	38,864,861
 Total capital assets being depreciated	 90,702,446	 1,612,386	 (68,700)	 92,246,132
 Less accumulated depreciation for:				
Buildings and improvements	43,900,751	1,047,705	-	44,948,456
Equipment	36,200,063	870,436	(68,700)	37,001,799
 Total accumulated depreciation	 80,100,814	 1,918,141	 (68,700)	 81,950,255
 Total capital assets being depreciated, net	 10,601,632	 (305,755)	 -	 10,285,877
 Business-type activity, capital assets, net	 \$ 10,601,632	 \$ (305,755)	 \$ -	 \$ 10,285,877

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,781,385
Corrections	2,358,669
Public ways and facilities, including depreciation of general infrastructure assets	285,602
Health and human service	339,215
Recreation	19,554
Other	104,697
 Total	 \$ 9,889,122

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 68,984,587
General obligation bonds	270,160,900
General fund	12,525,924
State grants	18,234,186
Restricted 911 special revenue	15,081,900
 Total	 \$ 384,987,497

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

13. Component Units - Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2016 was as follows:

	<u>January 1, 2016</u>	<u>Additions</u>	<u>Reclassifi- cations/ Disposals</u>	<u>December 31, 2016</u>
Capital assets not being depreciated,				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Construction in progress	<u>1,725,030</u>	<u>-</u>	<u>(1,725,030)</u>	<u>-</u>
Total capital assets not being depreciated	<u>8,725,030</u>	<u>-</u>	<u>(1,725,030)</u>	<u>7,000,000</u>
Capital assets being depreciated or depleted:				
Landfill	51,135,989	-	-	51,135,989
Machinery and equipment	11,623,254	155,081	(470,045)	11,308,290
Buildings and structures	13,526,491	102,788	-	13,629,279
Pad construction	<u>72,344,137</u>	<u>1,545,070</u>	<u>-</u>	<u>73,889,207</u>
Total capital assets being depreciated	<u>148,629,871</u>	<u>1,802,939</u>	<u>(470,045)</u>	<u>149,962,765</u>
Less accumulated depreciation and depletion for:				
Landfill	47,946,096	316,066	-	48,262,162
Machinery and equipment	9,729,298	480,461	(470,045)	9,739,714
Buildings and structures	10,890,492	581,553	-	11,472,045
Pad construction	<u>49,025,488</u>	<u>3,143,472</u>	<u>-</u>	<u>52,168,960</u>
Total accumulated depreciation and depletion	<u>117,591,374</u>	<u>4,521,552</u>	<u>(470,045)</u>	<u>121,642,881</u>
Total capital assets being depreciated or depleted, net	<u>31,038,497</u>	<u>(2,718,613)</u>	<u>-</u>	<u>28,319,884</u>
Capital assets, net	<u>\$ 39,763,527</u>	<u>\$ (2,718,613)</u>	<u>\$ (1,725,030)</u>	<u>\$ 35,319,884</u>

Amounts previously incurred for the leachate plant were decommissioned per the Department of Environmental ("DEP") and the Environmental Protection Agency ("EPA"), and the landfill may not use the system in place. The leachate equipment was considered to be obsolete and as a result cost incurred and previously recorded as construction in progress totaling \$1,725,030 was written off as an impairment loss in 2016.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

The capital asset activity for the IDA for the year ended December 31, 2016 was as follows:

	January 1, 2016	Additions	Reclassifi- cations/ Disposals	December 31, 2016
Capital assets not being depreciated, Land	\$ 849,286	\$ -	\$ -	\$ 849,286
Capital assets being depreciated, Property	29,365,000	-	-	29,365,000
Less accumulated depreciation for, Property	5,873,002	978,834	-	6,851,836
Total capital assets being depreciated, net	23,491,998	(978,834)	-	22,513,164
Capital assets, net	<u>\$ 24,341,284</u>	<u>\$ (978,834)</u>	<u>\$ -</u>	<u>\$ 23,362,450</u>

14. Employees' Retirement Plan

Plan Description and Administration

The Delaware County Employees' Pension Plan (the "Plan") is a single-employer defined benefit pension plan that covers all employees of the County. The plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

The plan is governed by the Delaware County Employees' Retirement System Trust, Amended and Restated Effective January 1, 2011 plan document. The retirement trust is administered in good-faith compliance with the applicable provisions of the Internal Revenue Code and consistent with Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law. The plan is managed by the Delaware County Retirement Board which consists of five members - three elected County Council members, the County Controller and the County Treasurer.

At January 1, 2015, the measurement date, members of the plan was as follows:

Inactive plan members currently receiving benefits	1,599
Inactive plan members entitled to benefits but not yet receiving them	215
Current employees	<u>3,078</u>
Total membership	<u>4,892</u>
Number of participating employers	<u>1</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest 3-year average salary times the number's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of the highest average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest. On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. Benefits are determined by the plan document which is in accordance with the Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law.

Funding Policy and Contributions

Employees are required to contribute a portion of their salaries (7% of earnings) to the Plan and employees can elect to contribute up to 17% of their salaries. Per Act 96 of 1971, contribution requirements of the plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial cost funding method.

For 2016, the annual contribution by the County was \$5,160,038 based on the January 1, 2015 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) compounded annually, (b) projected salary increases of 3.5% per year, and (c) cost-of-living adjustments provided at the discretion of the Delaware County Employees' Retirement Board. Both (a) and (b) included an inflation component of 3.0%. The greater of the market value of assets as of the valuation date and the actuarial value of assets as of the prior valuation date plus contributions and other deposits except investment income minus benefit payments and administrative expenses or other payments plus credited interest at 1% less than the plans' assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the market value of assets as of the valuation date.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

Deposits and Investments

The Plan allows funds to be invested pursuing a strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2015 measurement period.

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40-50 %	5.4-6.4 %
International equity	15-25	5.5-6.5
Fixed income	25-35	1.3-3.3
Real estate	0-10	4.5-5.5
Cash and cash equivalents	0-10	0.0-1.0

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2015 measurement period are summarized in the above table.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was (0.76) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

The components of the net pension asset of the Plan as of December 31, 2015 were as follows:

Total pension liability	\$ 470,838,369
Plan fiduciary net position	<u>448,899,130</u>
Plan net pension liability	<u>\$ 21,939,239</u>
Plan fiduciary net position as a percentage of total pension liability	<u>95.34%</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

Changes in the Net Pension Asset

The changes in the County's net pension asset during the year ended December 31, 2015 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2015	\$ 448,152,742	\$ 463,376,325	\$ (15,223,583)
Changes for the year:			
Service cost	4,584,055	-	4,584,055
Interest cost	33,074,553	-	33,074,553
Difference between expected and actual experience	8,944,917	-	8,944,917
Contributions - employer	-	3,987,098	(3,987,098)
Contributions - plan member	-	10,301,611	(10,301,611)
Net investment loss	-	(4,799,203)	4,799,203
Benefit payments, including refunds	(23,917,898)	(23,917,898)	-
Administrative expense	-	(48,803)	48,803
Net changes	22,685,627	(14,477,195)	37,162,822
Balances at December 31, 2015	<u>\$ 470,838,369</u>	<u>\$ 448,899,130</u>	<u>\$ 21,939,239</u>

The schedule of changes in the employer's net pension asset and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Plan.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2015 rolled-forward to December 31
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	3.5%
Inflation	3.0%
Interest rate	7.5%
Cost-of-living adjustments	0.0%
Asset valuation method	Fair-Market Value

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement. The actuarial assumptions used in the valuation for the 2015 measurement period were based on past experience under the plan and reasonable future expectations which represent the actuary's best estimate of anticipated experience under the plan.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Pension Fund'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.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension asset to changes in the discount rate. The table below presents the pension (asset) liability of the Plan calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.5%)</u>
Net pension liability (asset)	\$ 58,688,378	\$ 21,939,239	\$ (8,746,803)

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2016, the County recognized pension expense of \$3,987,098. At December 31, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 8,944,917
Net difference between projected and actual earnings on plan investments	39,196,064
Contributions subsequent to the measurement date	<u>5,160,038</u>
Total	<u>\$ 53,301,019</u>

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

Year ended December 31:	
2017	\$ 9,117,058
2018	9,117,058
2019	9,117,058
2020	9,117,058
2021	9,117,058
Thereafter	2,555,691

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

15. Long-Term Liabilities

Primary Government

The following is a summary of changes in noncurrent liabilities of the County for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Liability for general obligation debt	\$ 301,024,911	\$ 40,530,321	\$ (61,003,409)	\$ 280,551,823	\$ 16,554,517
Liability for claims payable	7,407,191	57,799,225	(59,906,394)	6,300,022	5,575,015
Liability for early retirement incentive	447,339	-	(135,148)	312,191	148,662
Liability for OPEB obligation	154,045,000	28,412,000	(12,187,000)	170,270,000	-
Governmental activity, Long-term liabilities	<u>\$ 462,924,441</u>	<u>\$ 127,741,546</u>	<u>\$ (132,231,951)</u>	<u>\$ 457,434,036</u>	<u>\$ 22,278,194</u>
Business-type activity, Liability for general obligation debt	<u>\$ 30,753,439</u>	<u>\$ 17,324,966</u>	<u>\$ (18,568,357)</u>	<u>\$ 29,510,048</u>	<u>\$ 3,395,483</u>

The long-term liabilities are generally liquidated by the fund to which they relate. The significant funds to which they relate are the General, Health and Human Services, and Geriatric Care Fund.

Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Liability for note payable	\$ 1,100,000	\$ -	\$ 500,000	\$ 600,000	\$ 600,000
Liability for revenue notes payable	9,348,000	-	471,000	8,877,000	486,000
Liability for accrued closure costs	14,672,431	650,990	-	15,323,421	-
Long-term liabilities	<u>\$ 25,120,431</u>	<u>\$ 650,990</u>	<u>\$ 971,000</u>	<u>\$ 24,800,421</u>	<u>\$ 1,086,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2016

16. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Outstanding at the beginning of the year	\$ 301,024,911	\$ 30,753,439	\$ 331,778,350
Issuance of debt	35,613,535	13,806,465	49,420,000
Bond premium on debt issuance	4,916,786	1,906,114	6,822,900
Allocation of debt for capital assets	(1,612,387)	1,612,387	-
Accretion of bond premiums	(2,880,074)	(95,306)	(2,975,380)
Retirements and repayments	<u>(56,510,948)</u>	<u>(18,473,051)</u>	<u>(74,983,999)</u>
Outstanding at end of year	<u>\$ 280,551,823</u>	<u>\$ 29,510,048</u>	<u>\$ 310,061,871</u>

Total balance includes the premiums of \$8,544,871. Actual debt outstanding was \$301,517,000 at December 31, 2016.

The outstanding balance at December 31, 2016 related to governmental activities of \$282,362,631 includes \$6,785,739 of debt used to fund the capital assets of SEPTA. The following summarizes general obligation debt, by type, outstanding at December 31, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Serial bonds and notes	\$ 273,817,760	\$ 27,699,240	\$ 301,517,000

County of Delaware, Pennsylvania

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A summary of general obligation debt outstanding at December 31, 2016 is as follows:

Year of Issue/ Final Maturity	Amount of Original Issue	Purpose	Outstanding at December 31, 2016	Current Portion
1997/2022	\$ 50,000,000	Fund SEPTA projects, building and park improvements, construction of a prison, and various other County projects	\$ 20,561,000	\$ 3,518,000
2002/2022	61,524,000	Refinance the 1999 notes used to fund SEPTA projects and various other County projects	12,220,000	-
2005/2019	10,000,000	Fund voting machine project and various other County projects	1,329,000	484,000
2007/2027	26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	14,385,000	35,000
2008/2017	9,537,000	Refund the 2002 bond and refinance a portion of the 2002 Note and portions of the 2007 Notes	1,143,000	1,143,000
2009/2039	28,595,000	Provide funds in the form of a grant to the Delaware County Chester Waterfront Industrial Development Authority, which will be used to acquire, construct, and equip a new soccer stadium in the City of Chester, Delaware County	24,465,000	660,000
2009/2019	54,750,000	Refund the 1999 General Obligation Note to reduce total debt service	21,195,000	6,735,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	45,155,000	5,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,996,000	1,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,997,000	1,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	45,162,000	2,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,999,000	1,000
2016/2021	49,420,000	Refund the 2005 bond to reduce total debt service	45,910,000	7,365,000
Total			<u>\$ 301,517,000</u>	<u>\$ 19,950,000</u>

Interest rates on the above obligations range from 1.39% to a maximum potential variable rate of 15%.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

There are a number of limitations and restrictions contained in the various bond indentures.

Amounts due by governmental funds are expected to be repaid from the General Fund. A summary of principal and interest maturities on general obligation serial bonds and notes outstanding at December 31, 2016 is presented below:

	<u>Principal Maturity</u>	<u>Interest Maturity ⁽¹⁾</u>	<u>Total Principal and Interest Maturities</u>
Years:			
2017	\$ 19,950,000	\$ 8,474,761	\$ 28,424,761
2018	20,543,000	7,879,572	28,422,572
2019	21,104,000	7,313,834	28,417,834
2020	21,519,000	6,892,680	28,411,680
2021	22,145,000	6,267,124	28,412,124
2022-2026	115,008,000	19,982,852	134,990,852
2027-2031	51,512,000	9,451,061	60,963,061
2032-2036	24,911,000	3,258,558	28,169,558
2037-2039	4,825,000	502,764	5,327,764
Total	<u>\$ 301,517,000</u>	<u>\$ 70,023,206</u>	<u>\$ 371,540,206</u>

⁽¹⁾ Includes interest at year-end rates for variable rate notes. Interest on the variable rate notes is paid and adjusted monthly based on certain factors. Actual interest expense on all long-term debt totaled \$7,696,506 for the year ended December 31, 2016.

Delaware Valley Regional Finance Authority ("DVRFA") was formed for the purpose of establishing a pooled loan program for the benefit of local governmental units in the Delaware Valley region. The County has entered into general obligation notes with DVRFA of which \$209,947,000 is outstanding at December 31, 2016.

DVRFA has entered into interest rate swap agreements with third party financial institution counterparties related to the bonds DVRFA issued, the proceeds of which fund the pooled loan program. If the swap agreements were terminated, DVRFA would receive or be obligated to pay the market value of the swap agreements at the termination date. If DVRFA were obligated to make a payment and sufficient funds were not available each borrower would be assessed its allocable share of the termination payment, borrowers are not entitled to any payments DVRFA would receive from a counterparty as a result of a termination. A related interest rate swap agreement may be terminated under the following circumstances: 1) DVRFA and the counterparty mutually consent to the termination, 2) the borrower defaults on its loan, or 3) DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent. DVRFA would seek to replace the terminated underlying swap agreement with a new agreement with similar terms and conditions upon termination.

County of Delaware, Pennsylvania

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DVRFA enters into interest rate swap agreements to provide fixed interest rates to borrowers. The agreement would normally only be terminated if the borrower requested it, including prepayment of the outstanding note, or if the borrower defaulted on its loan. The borrower would be responsible for any termination payment. The borrower is not entitled to receive any payments DVRFA would receive from the counterparty as a result of a termination.

As of December 31, 2016, the market value of interest rate swap agreements related to outstanding general obligation notes outstanding are as follows:

General Obligation Note Year of Issue	Balance Outstanding	Market Value of Related Allocable Interest Rate Swap	Market Value of Related Fixed Rate Loan Swap
1997	\$ 20,561,000	\$ 2,900,358	\$ 323,766
2002	12,220,000	1,723,767	375,259
2005	1,329,000	187,470	(15,274)
2007	14,385,000	2,029,164	(179,627)
2008	1,143,000	161,233	(3,263)
2010	45,155,000	6,369,615	17,475
2012	19,996,000	2,820,658	(105,179)
2013	24,997,000	3,526,105	(94,749)
2014	45,162,000	6,370,602	949,647
2015	24,999,000	3,526,387	691,696

17. Component Unit - Notes Payable

Note Payable

The DCSWA acquired the right and title to Shenkel Road from Earl Township (the "Township") in 1998 for \$7,000,000. For the consideration of the option to acquire Shenkel Road, the Authority had previously paid \$100,000 to the Township. The remaining \$6,900,000 was to be paid to the Township over twenty years upon notification of the permit expansion approval. The note payable bears no interest and the remaining principal to be repaid in 2017 is \$600,000.

Revenue Notes Payable

On March 25, 2009, the DCSWA authorized the issuance of Guaranteed Revenue Notes, 2009 Series (the "Notes") totaling \$7,200,000. The 2009 Notes will be used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rolling Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of the 2009 Notes. The 2009 Notes will be issued over a two year period.

On March 25, 2009, the DVRFA issued on behalf of the DCSWA, Guaranteed Revenue Notes, 2009 A Series (the "2009 A Notes") in the amount of \$2,400,000, 2009 B Series (the "2009 B Notes") in the amount of \$2,400,000, and 2009 C Series (the "2009 C Notes") in the amount of \$2,400,000.

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Principal is payable annually on March 25 and interest is payable monthly at a rate of 3.38% for Series A, 3.23% for Series B and 3.39% for Series C as per the Notice of Fixed Rate Conversion.

On March 26, 2012, the DCSWA authorized the issuance of Guaranteed Revenue Notes, 2012 Series (the "2012 Notes") totaling \$4,000,000. The 2012 Notes will be used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rollings Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of the Notes.

On March 26, 2012, the DVRFA issued on behalf of the DCSWA, Guaranteed Revenue Notes, 2012 A Series (the "2012 A Notes") in the amount of \$4,000,000. Principal is payable annually on June 25 beginning June 25, 2013. Interest is payable monthly at a rate of 2.485% as per the Notice of Fixed Rate Conversion.

The County has guaranteed the 2009 and 2012 loan agreements listed above between the DCSWA (component unit) and DVRFA in accordance with the laws of Commonwealth of Pennsylvania. In the event that the DCSWA is unable to make payment, the County will be required to make payment. The guarantees are for the term and amount of the debt disclosed below. There are no arrangements for recovery of payments.

The aggregate annual principal and interest payments for each of the following years ending December 31 are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending:		
2017	\$ 1,086,000	\$ 259,682
2018	501,000	244,674
2019	518,000	229,176
2020	534,000	213,154
2021	551,000	184,333
2022-2032	<u>6,287,000</u>	<u>970,080</u>
Total	<u>\$ 9,477,000</u>	<u>\$ 2,101,098</u>

For the year ended December 31, 2016, interest expense amounted to \$457,636.

County of Delaware, Pennsylvania

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18. Other Liabilities

Other liabilities represent accrued expense and other obligations with third parties payable expected to be settled and paid within one year. On the statement of net position, governmental activities other liabilities of \$33,295,990 consists of \$3,945,330 of accrued payroll expenses, \$10,199,558 of accrued expense payable to vendors, \$7,298,740 of internal governmental transfer balance payable on behalf of Fair Acres, \$7,179,702 of refundable deposits held by the Sherriff's Office, Office of Judicial Support, and Recorder of Deeds, \$2,086,818 of delinquent tax settlements payable, \$1,357,739 of fund to be refunded or escheated, and \$1,258,072 of Sherriff's sale proceeds payable to creditors.

19. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2016 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 58,457,514	\$ 38,573,831
Capital Projects Fund	-	12,565,632
Health and Human Service Fund	19,451,034	12,400,206
Other Governmental Funds	9,081,166	19,773,933
Enterprise Fund	-	3,758,952
Internal Service Funds	5,299,619	5,216,779
Total	<u>\$ 92,289,333</u>	<u>\$ 92,289,333</u>

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

20. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component unit (the DCSWA) at December 31, 2015, activity for 2016, and amounts due at December 31, 2016:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2015	\$ 2,000,000	\$ 5,475,000	\$ 7,475,000
Additions	-	-	-
Repayments	-	-	-
Balance, December 31, 2016	<u>\$ 2,000,000</u>	<u>\$ 5,475,000</u>	<u>\$ 7,475,000</u>

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The County has made advances to the DCSWA from time to time for operations and or capital purchases and improvements. The DCSWA did not repay any amounts during 2016 on these advances. The amount due from the DCSWA to the County's Capital Project fund of \$7,475,000 reflects a pledged investment which is not expected to be liquidated within the current operating cycle.

21. Interfund Transfers

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 875,000	\$ 14,886,186
Health and Human Service Fund	13,845,984	6,922,992
Enterprise Fund	3,724,501	-
Other Governmental Funds	4,238,693	875,000
	<u>\$ 22,684,178</u>	<u>\$ 22,684,178</u>
Total		

Transfers from the general fund to the health and human service fund and the other governmental funds are unrestricted revenue collected in the general fund used for the County's match for various grant agreements. Transfers from the general fund to the enterprise fund are unrestricted revenues collected in the general fund used to subsidize operating shortfalls in the proprietary fund. Transfers from the health and human services funds represent the transfer of funds from the human services administrative fund, which handles centralized costs that are allocated, to the other health and human services funds.

22. Other Revenues

Other revenues of approximately \$10,200,000 in the governmental funds consist of funds received related to gaming proceeds for economic development of approximately \$1,589,000; interest revenue from the City of Chester of approximately \$442,000; rental income of approximately \$779,000; funds received from the state equalization board of approximately \$636,000; payments in lieu of taxes of approximately \$138,000; revenues related to the closure of legacy accounts maintained by the Office of Judicial Support as a result of an internal review of approximately \$787,000; and various other revenues of \$5,829,000.

23. Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. On the statement of net position, governmental activities unearned revenue of \$50,125,189 consists of the General Fund of \$1,849,125 representing grants and other fees, Health and Human Service of \$34,493,063 and Other Governmental Funds of \$13,783,001 representing grants received which were not earned at December 31, 2016.

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24. Commitments and Contingencies

Commitments

The County leases office space under a number of operating leases with expiration dates through 2030.

Future minimum lease payments for each of the five years subsequent to December 31, 2016 under the various leases are as follows:

Years ending December 31:	
2017	\$ 2,997,942
2018	2,379,532
2019	2,110,902
2020	1,746,258
2021	191,714
2022-2026	392,815
2027-2030	<u>173,563</u>
Total	<u>\$ 9,992,726</u>

Total rental expense for these leases during 2016 was \$3,708,339.

Contingencies

The use of grant monies received is subject to compliance audits by the disbursing governmental agency. The County believes it is in compliance with all significant grant requirements.

The County is involved in various litigation matters arising in the normal course of business which are still pending. The ultimate outcome of these cases or the County's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty. It is the opinion of management that the amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2016.

The DCSWA is involved in various litigation. It is the opinion of DCSWA management that the outcome of these matters will not have a material adverse effect on the financial position of the DCSWA.

25. Other Post-Employment Benefits

Plan Description

The County's Retirement Health Plan is single-employer plan administered by the County. The Plan provides postretirement medical, dental, and life insurance benefits to eligible retirees. The County pays premiums for medical, dental, and life insurance on behalf of eligible retirees. The Plan is unfunded and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of County Council.

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Notes to Financial Statements
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Funding Policy

Plan members do not contribute to the plan; the County pays 100% of the cost of coverage for retired covered employees. The required contribution is based on pay-as-you-go financing requirements. County Council has the authority to amend the Plan including changing the obligations of the plan members and the County to contribute to the Plan.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is equal to the normal cost and the amortization of the Unfunded Actuarial Accrued Liability plus interest. The following show the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 27,752,000
Interest on net OPEB obligation	6,162,000
Adjustment to annual required contribution	<u>(5,502,000)</u>
Annual OPEB cost (expense)	28,412,000
Contributions made	<u>12,187,000</u>
Increase in net OPEB obligation	16,225,000
Net OPEB obligation at January 1, 2016	<u>154,045,000</u>
Net OPEB obligation at December 31, 2016	<u><u>\$ 170,270,000</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2016 were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Years ended December 31:			
2016	\$ 28,412,000	43%	\$ 170,270,000
2015	27,172,000	43%	154,045,000
2014	31,576,000	37%	138,668,000

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Funded Status and Funding Progress

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability ("AAL")	\$ 327,215,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 327,215,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	<u>\$ 161,574,000</u>
UAAL as percentage of covered payroll	202.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long term investment return of the County's investments and deposits used to pay plan benefits, an annual health care costs trend rate of 8.0%, 7.0% for post 65 and Medicare eligible retirees, initially, reduced by decrements to an ultimate rate of 4.5%, an inflation rate of 3.5% and a projected salary increase of 3.5%. The UAAL is being amortized using the level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

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26. Self-Insurance Program

Effective January 1, 1987, the County elected to self-insure potential obligations applicable to workers' compensation, casualty/liability and health insurance. By doing so, the County is exposed to certain risks of losses associated with these types of transactions. These programs are contractually administered by private agencies. Three separate internal service funds were established to account for all transactions associated with self-insurance.

The County purchased reinsurance coverage to limit its liability per incident to a maximum of:

	<u>1988 to 1992</u>	<u>1993 to 1999</u>	<u>2000 to 2001</u>
Workers' compensation	\$ 300,000	\$ 300,000	\$ 250,000
Casualty/liability (excluding vehicles)	-	100,000	100,000
Health benefits	75,000	75,000	75,000
Vehicles	100,000	100,000	100,000
	<u>2002 to 2006</u>	<u>2007 to 2013</u>	<u>2014 to 2015</u>
Workers' compensation	\$ 325,000	\$ 500,000	\$ 650,000
Casualty/liability (excluding vehicles)	250,000	250,000	250,000
Health benefits	90,000	200,000	210,000*
Vehicles	100,000	100,000	100,000

*includes a \$365,000 corridor deductible

The County's reinsurance policy has provided sufficient coverage to the County such that no settlements within the past three years have exceeded the reinsurance coverage. The cost of providing this coverage is charged directly to the County fund which benefits from the coverage. Such charges are reflected as operating revenues into the self-insurance funds. Costs of the self-insurance program charged to the current year expenses were \$57,799,227, which includes insurance claims of \$57,781,636 and administrative costs of \$17,591. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Additional administrative costs of the self-insurance funds are paid by the general fund and totaled \$411,207 for the fiscal year.

An analysis of the claims activity is presented as follows:

	2016			
	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Actual Claim Payments</u>	<u>Balance at End of Year</u>
Self-Insured Health Insurance Fund	\$ 6,597,824	\$ 50,004,767	\$ 51,027,576	\$ 5,575,015
Self-Insured Workers' Compensation Fund	313,392	2,396,045	2,396,045	313,392
Self-Insured Casualty/Liability Fund	495,975	5,398,413	5,482,773	411,615
Total	<u>\$ 7,407,191</u>	<u>\$ 57,799,225</u>	<u>\$ 58,906,394</u>	<u>\$ 6,300,022</u>

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	2015			
	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Actual Claim Payments	Balance at End of Year
Self-Insured Health Insurance Fund	\$ 4,617,147	\$ 44,351,121	\$ 42,370,444	\$ 6,597,824
Self-Insured Workers' Compensation Fund	291,122	2,496,915	2,474,645	313,392
Self-Insured Casualty/Liability Fund	465,063	6,954,194	6,923,282	495,975
Total	<u>\$ 5,373,332</u>	<u>\$ 53,802,230</u>	<u>\$ 51,768,371</u>	<u>\$ 7,407,191</u>

27. Investment in Joint Venture

Southeastern Pennsylvania Transportation Authority ("SEPTA") runs a multi-modal system of vehicles and route services in Delaware County along with other areas such as Chester, Montgomery, Philadelphia and selected areas in New Jersey and Delaware. SEPTA has five participants - Delaware, Chester, Bucks, Montgomery and Philadelphia Counties, each of which appoints two members to the Governing Board. Four members are appointed by the Pennsylvania State House and Senate. The fifteenth member is appointed by the Governor's office. Delaware County has an ongoing financial responsibility as it is obligated for the Transportation Bonds of SEPTA and the continued existence of SEPTA depends on continued funding by the County and the other four participants.

Under state law, the County is required to subsidize SEPTA's operating and capital budget annually. During 2016, the County's budget contribution was \$8,642,278. As the investment in the joint venture is primarily related to capital purchases with estimable useful lives, typically of 15 to 30 years, the County determined the investment in the joint venture to have an estimated life of 30 years. Current year amortization of the investment was \$6,421,305. Included on the statement of net position is an investment in a joint venture totaling \$186,217,856 at December 31, 2016.

Complete financial statements for SEPTA can be obtained from the administrative offices of SEPTA.

28. Grant to the Delaware County Chester Waterfront Industrial Development Authority

The IDA was formed for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects within the City of Chester and is a discretely presented component unit of the County (Note 2). On February 15, 2009 the County and the IDA executed a grant agreement which states that the County will grant funds in an amount up to \$30,000,000 for eligible costs as defined for the construction of a stadium project. The County financed the grant through the issuance of its General Obligation Bonds, Series of 2009 ("2009 Bonds") (Note 16). Upon issuance of the 2009 Bonds the proceeds were placed in a Trust, as eligible costs are expended by the IDA funds are released from the Trust on a reimbursement basis.

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On February 15, 2009, the County and the City of Chester (the "City") executed a contribution agreement whereby the City unconditionally agreed to pay the County \$13,445,635 through May 31, 2039 in semi-annual payments to fund a portion of the capital grant to the IDA. The 2016 amount due to the County of \$442,102 was paid by the City in January 2017. The present value of this asset amounting to approximately \$6,148,207 has been recorded in other receivables on the government-wide statement of net position at December 31, 2016 (Note 8).

29. Early Retirement Incentive

During 2014, the County offered an Early Retirement Incentive Plan (the "2014 Plan") which allowed employees and eligible spouses and dependents to retain their existing health care coverage for a period of 5 years through June 30, 2019. The employees were required to retire between February 20, 2014 and June 30, 2014. The 2014 Plan was a one-time voluntary incentive retirement program for full-time employees who were at least 60 with 3 full-time years of service or were at least 55 with at least 20 full-time years of service with the County as of their retirement date. The 2014 Plan included a life-time waiver of the contribution for spousal and dependent coverage. In addition, eligible employees can receive Medicare Part B premium reimbursement through June 30, 2019. The amount payable pursuant to this program was \$312,191 at December 31, 2016, which is included in both current and noncurrent liabilities in the statement of net position. The amounts payable are calculated at the discounted present value of future benefit payments.

30. New Accounting Pronouncements

In June of 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The County is required to adopt Statement No. 73 for its calendar 2017 financial statements.

In June of 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The County is required to adopt Statement No. 74 for its calendar 2017 financial statements.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2016

In June of 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45. Statement No. 75 establishes that governments with a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. Additionally, Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures, including a sensitivity analysis of the discount rate and a healthcare cost trend rate assumptions used for the valuation, and required supplementary information about their OPEB liabilities. The County is required to adopt Statement No. 75 for its calendar 2018 financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14. Statement No. 80 amends the blending requirements related to not-for-profit corporations for which the primary government is the sole corporate member. The County is required to adopt Statement No. 80 for its 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Statement No. 68, and Statement No. 73. Specifically, Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County is required to adopt Statement No. 82 for its 2017 financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and separate criteria to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The County is required to adopt Statement No. 84 for its calendar 2019 financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. Statement No. 85 addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement, and postemployment benefits, that have been identified during implementation and application of certain GASB Statements. The County is required to adopt Statement No. 85 for its calendar 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. Statement No. 86 provides additional guidance on the accounting and financial reporting for in-substance defeasance of debt, for prepaid insurance on debt that is extinguished, and notes to financial statements for debt that is defeased in substance. The County is required to adopt Statement No. 86 for its calendar 2018 financial statements.

County management is in the process of evaluating, but has not yet determined how the adoption of the above GASB guidance will impact the County's financial statements.

Required Supplementary Information

County of Delaware, Pennsylvania

Required Supplementary Information

Schedule of Funding Progress for the Retirement Health Plan (OPEB) and

OPEB Plan Schedule of Employer Cost

Year Ended December 31, 2016

(Unaudited)

Schedule of Funding Progress for the Retirement Health Plan (OPEB) (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
January 1, 2016	\$ -	\$ 327,215	\$ 327,215	- %	\$ 161,575	202.5 %
January 1, 2015	-	311,775	311,775	-	141,398	220.5
January 1, 2014	-	312,524	312,524	-	148,593	210.3
January 1, 2013	-	292,385	292,385	-	148,593	196.8
January 1, 2012	-	291,875	291,875	-	134,154	217.6
January 1, 2011	-	275,677	275,677	-	131,212	210.1

OPEB Plan Schedule of Employer Cost (In Thousands)

Year Ended	Annual OPEB Cost ("AOC")	Percentage of ARC Contributed	Net OPEB Obligation
2016	\$ 28,412	43%	\$ 170,270
2015	27,172	43%	154,045
2014	31,576	37%	138,668
2013	29,851	34%	118,841
2012	27,843	42%	99,286
2011	26,418	41%	83,021

County of Delaware, Pennsylvania

Required Supplementary Information

Schedule of Changes in the County's Net Pension Liability and Related Ratios

December 31, 2016

(Unaudited)

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 4,767,962	\$ 4,584,055
Interest	31,874,452	33,074,553
Difference between expected and actual experience	4,147,176	8,944,917
Benefit payments, including refunds of member contributions	<u>(25,266,392)</u>	<u>(23,917,898)</u>
Net change in total pension liability	15,523,198	22,685,627
Total pension liability - beginning	<u>432,629,544</u>	<u>448,152,742</u>
Total pension liability - ending (a)	<u>\$ 448,152,742</u>	<u>\$ 470,838,369</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 4,159,063	\$ 3,987,098
Employee contributions	10,929,265	10,301,611
Net investment loss	25,701,117	(4,799,203)
Benefit payments, including refunds of member contributions	(25,266,392)	(23,917,898)
Administration	<u>(48,804)</u>	<u>(48,803)</u>
Net change in plan fiduciary net position	15,474,249	(14,477,195)
Plan Fiduciary Net Position, Beginning	<u>447,902,076</u>	<u>463,376,325</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 463,376,325</u>	<u>\$ 448,899,130</u>
Plan net pension liability - ending (a) - (b)	<u>\$ (15,223,583)</u>	<u>\$ 21,939,239</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.40%	95.34%
Covered-Employee Payroll	\$ 134,056,126	\$ 130,961,008
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	(11.36)%	16.75%

Notes to Schedule:

The County implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

County of Delaware

Required Supplementary Information
 Schedule of Employer Contributions
 Last Ten Fiscal Years
 (Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution	\$ 1,798,896	\$ 1,922,699	\$ 83,054	\$ 7,487,851	\$ 6,756,099	\$ 5,944,506	\$ 7,142,276	\$ 7,146,641	\$ 4,159,063	\$ 3,987,098
Contributions in Relation to the Actuarially Determined Contribution	1,798,896	1,922,699	85,455	7,487,851	6,756,099	5,944,506	7,142,276	7,146,641	4,159,063	3,987,098
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (2,401)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ -	\$ -	\$ 118,649,000	\$ 120,383,000	\$ 132,733,000	\$ 128,948,000	\$ 126,634,000	\$ 131,612,000	\$ 134,056,000	\$ 130,961,008
Contributions as a Percentage of Covered-Employee Payroll			0.07%	6.22%	5.09%	4.61%	5.64%	5.43%	3.10%	3.04%

Notes to Schedule:

Covered-employee payroll information not available 2007 and prior.

Valuation date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3%
Salary increases	3.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years of service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

County of Delaware

Required Supplementary Information
Schedule of Investment Returns
December 31, 2016
(Unaudited)

	<u>2014</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.09%	(0.76)%

Notes to Schedule:

The County implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

**Combining Statements and Schedules
Governmental Fund Types**

County of Delaware, Pennsylvania
General Fund
Description of Fund
For the Year Ended December 31, 2016

The General Fund is the general operating fund of the County. It is maintained to account for all financial resources except those required to be accounted for in another fund. The general tax revenues of the County as well as other resources received and not designated for a specific purpose are accounted for in the General Fund.

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Current			
General government:			
Administrative Services	\$ 123,500	\$ 155,853	\$ (32,353)
Board of Personnel Grievance	16,000	-	16,000
Budget Management	218,000	211,886	6,114
Bureau of Elections	901,000	895,171	5,829
Central Purchasing	298,500	285,611	12,889
Community Health	356,000	331,201	24,799
Constables	1,499,000	1,254,456	244,544
Consumer Affairs	297,000	258,463	38,537
Controller	867,000	745,990	121,010
County Buildings Maintenance	3,533,000	3,413,216	119,784
County Clerk	393,000	388,511	4,489
County Council	464,000	374,264	89,736
County Motor Vehicle Management	350,000	75,589	274,411
Court House Police	1,193,000	1,013,033	179,967
Data Processing	3,341,000	3,221,485	119,515
Executive Director	1,021,000	875,326	145,674
Library Services	1,136,000	1,127,678	8,322
Parks and Recreation	1,745,000	1,601,750	143,250
Personnel	605,000	418,902	186,098
Planning	815,000	661,849	153,151
Public Works	220,000	66,872	153,128
Public Relations	298,000	204,677	93,323
Recorder of Deeds	752,000	482,254	269,746
Records and Archives	267,000	234,706	32,294
Risk Management	27,000	9,326	17,674
Self -Tax Collection	214,000	195,056	18,944
Solicitor	1,528,000	1,518,198	9,802
Tax Assessment	1,103,000	1,016,712	86,288
Tax Claim Office	1,055,000	982,169	72,831
Telecommunications	1,021,000	1,018,401	2,599
Treasurer	521,000	471,882	49,118
Veterans' Affairs	339,000	281,264	57,736
Voter Registration	455,000	453,106	1,894
Voting Machines	582,000	543,693	38,307
	<u>27,554,000</u>	<u>24,788,550</u>	<u>2,765,450</u>
Total general government			

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Judicial:			
Adult Probation and Parole	\$ 4,716,000	\$ 4,613,360	\$ 102,640
Bail Agency	955,000	902,919	52,081
Court Administrator	2,122,000	1,732,081	389,919
Court Support and Services	6,297,000	5,741,382	555,618
Diagnostic Services	774,000	593,973	180,027
District Justice	7,531,000	6,499,807	1,031,193
Domestic Relations	6,642,000	5,963,573	678,427
Electronic Record System	902,000	853,961	48,039
Financial Services	235,000	224,336	10,664
Juvenile Court	10,871,000	9,862,136	1,008,864
Juvenile Detention	4,372,000	3,561,136	810,864
Juvenile Detention Kitchen	653,000	465,597	187,403
Legal Audio Visual	248,000	181,459	66,541
Maintenance of Juveniles	11,549,000	6,383,426	5,165,574
	<u>57,867,000</u>	<u>47,579,146</u>	<u>10,287,854</u>
Total judicial			
Corrections:			
Community Corrections	985,000	895,613	89,387
County Clerk Services	834,000	746,993	87,007
Criminal Investigations Dept.	3,667,000	3,487,151	179,849
District Attorney	5,805,000	5,502,231	302,769
Judicial Support	1,452,000	1,288,198	163,802
Medical Examiner	834,000	831,888	2,112
Office of Support Enforcement	589,000	558,256	30,744
Prison	46,821,000	46,519,717	301,283
Public Defender	3,855,000	3,793,872	61,128
Register of Wills	637,000	521,892	115,108
Sheriff	4,100,000	3,701,491	398,509
Special Court	127,000	106,049	20,951
	<u>69,706,000</u>	<u>67,953,351</u>	<u>1,752,649</u>
Total corrections			
Transportation:			
Southeastern Pennsylvania Transportation Authority Subsidy	<u>7,705,000</u>	<u>7,572,663</u>	<u>132,337</u>

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Other:			
Agricultural Extension Service	\$ 141,000	\$ 140,351	\$ 649
Civil Defense	628,000	528,207	99,793
Employee Benefits	43,252,000	39,628,692	3,623,308
Insurance	5,750,000	5,053,671	696,329
Other County Expenditures	794,000	794,383	(383)
Other Programs and Grants	3,760,000	3,545,053	214,947
Soil Conservation	233,000	208,020	24,980
Training Center	240,000	159,485	80,515
Total other	<u>54,798,000</u>	<u>50,057,862</u>	<u>4,740,138</u>
Debt service:			
Principal	<u>19,174,000</u>	<u>16,314,207</u>	<u>2,859,793</u>
Interest	<u>8,302,000</u>	<u>6,994,161</u>	<u>1,307,839</u>
Total expenditures	<u>\$ 245,106,000</u>	<u>\$ 221,259,940</u>	<u>\$ 23,846,060</u>

County of Delaware, Pennsylvania
Health and Human Service Funds
Description of Sub-Funds
For the Year Ended December 31, 2016

Health and Human Service Funds are maintained to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

The following Health and Human Service Sub-Funds are utilized by the County:

Special Grants Fund: To account for the operations and administration of the County Special Grant Programs. Financing is provided by state and federal grants.

Mental Health and Intellectual Disabilities Funds ("MH/ID") and Drug Abuse Funds: To account for operations and administration of County MH/ID and Drug and Alcohol Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

Day Care and Child Care Funds: To account for the operations and administration of the County Children and Youth Services Department. Financing is provided by state and federal grants with an appropriation from the County General Fund.

County of Delaware, Pennsylvania

Combining Balance Sheet Schedule
Health and Human Service Sub-funds
December 31, 2016

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
Assets			
Cash and cash equivalents	\$ 21,817,708	\$ -	\$ -
Restricted cash	5,421,304	-	-
Grants receivable	1,736,626	386,830	645,991
Due from other funds	3,597,745	8,473,610	4,007,214
Other assets	3,734,710	-	-
	<u>36,308,093</u>	<u>8,860,440</u>	<u>4,653,205</u>
Total assets	<u>\$ 36,308,093</u>	<u>\$ 8,860,440</u>	<u>\$ 4,653,205</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 6,415,907	\$ 5,562,776	\$ 1,950,460
Due to other funds	40,932	122,421	-
Unearned revenues	29,850,863	2,124,871	2,375,082
Other liabilities	391	1,050,372	327,663
	<u>36,308,093</u>	<u>8,860,440</u>	<u>4,653,205</u>
Total liabilities	<u>36,308,093</u>	<u>8,860,440</u>	<u>4,653,205</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 36,308,093</u>	<u>\$ 8,860,440</u>	<u>\$ 4,653,205</u>

Drug Abuse	Child Care	Day Care	Total
\$ -	\$ -	\$ -	\$ 21,817,708
-	-	-	5,421,304
475,734	15,683,086	239,317	19,167,584
220,633	68,357	3,083,475	19,451,034
-	-	-	3,734,710
<u>\$ 696,367</u>	<u>\$ 15,751,443</u>	<u>\$ 3,322,792</u>	<u>\$ 69,592,340</u>

\$ 567,460	\$ 2,487,119	\$ 12,179	\$ 16,995,901
-	12,236,853	-	12,400,206
97,033	-	45,214	34,493,063
31,874	1,027,471	3,265,399	5,703,170
<u>696,367</u>	<u>15,751,443</u>	<u>3,322,792</u>	<u>69,592,340</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 696,367</u>	<u>\$ 15,751,443</u>	<u>\$ 3,322,792</u>	<u>\$ 69,592,340</u>

County of Delaware, Pennsylvania**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**

Health and Human Service Sub-funds

Year Ended December 31, 2016

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
Revenues			
Health and human service grants	\$ 145,581,796	\$ 33,743,239	\$ 14,260,692
Expenditures			
Current, Health and human services	<u>146,171,609</u>	<u>34,503,738</u>	<u>14,260,692</u>
Deficiency of Revenues Over Expenditures	<u>(589,813)</u>	<u>(760,499)</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers in	7,512,805	760,499	-
Transfers out	<u>(6,922,992)</u>	<u>-</u>	<u>-</u>
Total other financing sources, net	<u>589,813</u>	<u>760,499</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Drug Abuse	Child Care	Day Care	Total
\$ 3,525,878	\$ 34,621,871	\$ 42,453,610	\$ 274,187,086
<u>3,578,490</u>	<u>40,141,939</u>	<u>42,453,610</u>	<u>281,110,078</u>
<u>(52,612)</u>	<u>(5,520,068)</u>	<u>-</u>	<u>(6,922,992)</u>
52,612	5,520,068	-	13,845,984
-	-	-	(6,922,992)
<u>52,612</u>	<u>5,520,068</u>	<u>-</u>	<u>6,922,992</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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County of Delaware, Pennsylvania

Nonmajor Governmental Funds Special Revenue Funds Description of Funds Year Ended December 31, 2016

Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

The following Special Revenue Funds are utilized by the County:

Office of Workforce Development ("OWD") Fund and Other Grant Funds: To account for the operations and administration of the County's employment and training program and other miscellaneous federal and state grants.

Library Fund: To account for the operations and administration of the County Library. Financing is provided by state and federal grants.

911 Fund: To account for the operations of the County's emergency communication department.

Liquid Fuels Fund: To account for the maintenance of County bridges and allocations to local municipalities for street and road maintenance. Financing is provided by the County's share of state gasoline taxes.

COSA Fund: To account for the operations and administration of the County Senior Citizens Department. Financing is provided by private contributions, state and federal grants and an appropriation from the County General Fund.

CDBG/Rehab Fund: To account for development and rehabilitation grants formerly administered by the Delaware County Redevelopment Authority ("DCRA"). Financing is provided principally from federal grants.

Marcellus Shale Fund: To account for Act 13 of 2012 impact fees from Marcellus Shale gas drilling activities. The monies are restricted to be spent on one of 13 categories named within the law.

County of Delaware, Pennsylvania

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

December 31, 2016

	<u>OWD/Other</u>	<u>911</u>	<u>Library</u>
Assets			
Cash and cash equivalents	\$ 1,124,359	\$ 12,541,311	\$ 1,132,429
Restricted cash	-	-	-
Grants receivable	7,968,404	3,096,494	-
Due from other funds	3,118,041	-	-
Notes receivable	-	-	-
Other assets	13,852	-	30,679
	<u>12,224,656</u>	<u>15,637,805</u>	<u>1,163,108</u>
Total	<u>\$ 12,224,656</u>	<u>\$ 15,637,805</u>	<u>\$ 1,163,108</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 1,918,638	\$ -	\$ 94,396
Due to other funds	3,484,126	15,339,651	488,135
Unearned revenues	6,653,503	-	-
Other liabilities	168,389	298,154	-
	<u>12,224,656</u>	<u>15,637,805</u>	<u>582,531</u>
Total liabilities	<u>12,224,656</u>	<u>15,637,805</u>	<u>582,531</u>
Fund Balances			
Restricted for:			
Highways and streets	-	-	-
Infrastructure	-	-	-
Library	-	-	580,577
Community development	-	-	-
	<u>-</u>	<u>-</u>	<u>580,577</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>580,577</u>
	<u>\$ 12,224,656</u>	<u>\$ 15,637,805</u>	<u>\$ 1,163,108</u>
Total	<u>\$ 12,224,656</u>	<u>\$ 15,637,805</u>	<u>\$ 1,163,108</u>

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
\$ 1,038,244	\$ 250	\$ 61,814	\$ -	\$ 15,898,407
-	-	-	3,493,696	3,493,696
-	408,847	-	-	11,473,745
147,164	5,678,962	136,999	-	9,081,166
-	-	5,639,008	-	5,639,008
-	-	-	-	44,531
<u>\$ 1,185,408</u>	<u>\$ 6,088,059</u>	<u>\$ 5,837,821</u>	<u>\$ 3,493,696</u>	<u>\$ 45,630,553</u>
\$ 368,610	\$ 1,017,724	\$ 423,059	\$ 18,753	\$ 3,841,180
-	-	126,622	335,399	19,773,933
-	4,052,094	-	3,077,404	13,783,001
-	1,018,241	38,086	-	1,522,870
<u>368,610</u>	<u>6,088,059</u>	<u>587,767</u>	<u>3,431,556</u>	<u>38,920,984</u>
816,798	-	-	-	816,798
-	-	-	62,140	62,140
-	-	-	-	580,577
-	-	5,250,054	-	5,250,054
<u>816,798</u>	<u>-</u>	<u>5,250,054</u>	<u>62,140</u>	<u>6,709,569</u>
<u>\$ 1,185,408</u>	<u>\$ 6,088,059</u>	<u>\$ 5,837,821</u>	<u>\$ 3,493,696</u>	<u>\$ 45,630,553</u>

County of Delaware, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended December 31, 2016

	<u>OWD/Other</u>	<u>911</u>	<u>Library</u>
Revenues			
General grants	\$ 17,754,396	\$ 12,447,729	\$ 2,751,208
Expenditures			
Current:			
Highways, streets and bridges	1,959,870	-	-
Other	15,219,526	16,565,422	2,355,995
Total expenditures	17,179,396	16,565,422	2,355,995
Excess (Deficiency) of Revenues Over Expenditures	575,000	(4,117,693)	395,213
Other Financing Sources			
Transfers in	-	4,117,693	-
Transfers out	(575,000)	-	-
Net Change in Fund Balance	-	-	395,213
Fund Balance, Beginning	-	-	185,364
Fund Balance, Ending	\$ -	\$ -	\$ 580,577

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
<u>\$ 981,821</u>	<u>\$ 14,358,890</u>	<u>\$ 4,853,066</u>	<u>\$ 2,895,174</u>	<u>\$ 56,042,284</u>
868,906	-	-	1,941,279	4,770,055
<u>-</u>	<u>14,479,890</u>	<u>4,653,418</u>	<u>653,895</u>	<u>53,928,146</u>
<u>868,906</u>	<u>14,479,890</u>	<u>4,653,418</u>	<u>2,595,174</u>	<u>58,698,201</u>
<u>112,915</u>	<u>(121,000)</u>	<u>199,648</u>	<u>300,000</u>	<u>(2,655,917)</u>
-	121,000	-	-	4,238,693
<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(875,000)</u>
112,915	-	199,648	-	707,776
<u>703,883</u>	<u>-</u>	<u>5,050,406</u>	<u>62,140</u>	<u>6,001,793</u>
<u>\$ 816,798</u>	<u>\$ -</u>	<u>\$ 5,250,054</u>	<u>\$ 62,140</u>	<u>\$ 6,709,569</u>

County of Delaware, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual - Liquid Fuels Fund

Year Ended December 31, 2016

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues,				
General grants	\$ 1,376,814	\$ 1,376,814	\$ 981,821	\$ (394,993)
Expenditures,				
Current,				
Liquid Fuels	1,373,439	1,444,948	868,906	576,042
Excess (Deficiency) of Revenues Over Expenditures	3,375	(68,134)	112,915	181,049
Fund Balance, Beginning	703,883	703,883	703,883	-
Fund Balance, Ending	<u>\$ 707,258</u>	<u>\$ 635,749</u>	<u>\$ 816,798</u>	<u>\$ 181,049</u>

County of Delaware, Pennsylvania

Capital Projects Funds Description of Sub-Funds Year Ended December 31, 2016

Capital Projects Funds are maintained to account for the financial resources received and used to acquire assets of a relatively permanent nature. The following Capital Projects Sub-Funds are utilized by the County:

Food Services Facility Fund: The Food Services Facility Fund was established to account for the proceeds of a settlement awarded in a suit against the designers of the Food Service Facility. The County has assigned the proceeds for various capital projects.

General Capital Projects Fund: The General Capital Projects Fund was established to account for the proceeds and related investment income of the County's General Obligation Bond issues. Projects financed by these issues include expansion of the County Prison, renovations of the emergency communications center, and major Court House renovations.

County of Delaware, Pennsylvania

Combining Balance Sheet Schedule

Capital Projects Sub-funds

December 31, 2016

	Food Services Facility Fund	General Capital Projects Fund	Total
Assets			
Assets			
Cash and cash equivalents	\$ 303,899	\$ -	\$ 303,899
Restricted cash and cash equivalents	1,329	31,572,089	31,573,418
Due from Solid Waste Authority	-	5,475,000	5,475,000
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 305,228</u>	<u>\$ 37,047,089</u>	<u>\$ 37,352,317</u>
Liabilities and Fund Balances			
Liabilities			
Vouchers and accounts payable	\$ 12,125	\$ 1,030,317	\$ 1,042,442
Due to other funds	-	12,565,632	12,565,632
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>12,125</u>	<u>13,595,949</u>	<u>13,608,074</u>
Fund Balances			
Nonspendable,			
Long term receivable	-	5,475,000	5,475,000
Restricted for,			
Capital projects	-	17,976,140	17,976,140
Assigned to,			
Capital projects	293,103	-	293,103
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>293,103</u>	<u>23,451,140</u>	<u>23,744,243</u>
Total liabilities and fund balance	<u>\$ 305,228</u>	<u>\$ 37,047,089</u>	<u>\$ 37,352,317</u>

County of Delaware, Pennsylvania

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Capital Projects Sub-funds

Year Ended December 31, 2016

	Food Services Facility Fund	General Capital Projects Fund	Total
Revenues			
Investment earnings	\$ 1,440	\$ 157,501	\$ 158,941
General grants	-	44,976	44,976
	<u>1,440</u>	<u>202,477</u>	<u>203,917</u>
Expenditures			
Capital outlay	68,347	9,137,500	9,205,847
Debt service, interest	-	943,483	943,483
Debt issuance costs	-	443,240	443,240
	<u>68,347</u>	<u>10,524,223</u>	<u>10,592,570</u>
Deficiency of Revenues Over Expenditures	<u>(66,907)</u>	<u>(10,321,746)</u>	<u>(10,388,653)</u>
Other Financing Sources (Uses)			
Issuance of bond	-	49,420,000	49,420,000
Premium on bond issuance	-	6,822,900	6,822,900
Redemption of refunded bond	-	(55,780,000)	(55,780,000)
	<u>-</u>	<u>462,900</u>	<u>462,900</u>
Net Change in Fund Balance	<u>(66,907)</u>	<u>(9,858,846)</u>	<u>(9,925,753)</u>
Fund Balance, Beginning	<u>360,010</u>	<u>33,309,986</u>	<u>33,669,996</u>
Fund Balance, Ending	<u>\$ 293,103</u>	<u>\$ 23,451,140</u>	<u>\$ 23,744,243</u>

Combining Statements and Schedules
Internal Service Funds

County of Delaware, Pennsylvania

Internal Service Funds Description of Funds Year Ended December 31, 2016

The County maintains three Internal Service Funds. Internal Service Funds are maintained to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, on a cost-reimbursement basis. A description of the Internal Service Funds used by the County is as follows:

Self-Funded Health Insurance Fund: To account for the operations of the County's health insurance program.

Self-Funded Workers' Compensation Fund: To account for the operations of the County's workers' compensation insurance program.

Self-Funded Casualty/Liability Fund: To account for the operations of the County's casualty/liability insurance program.

Financing for the County's three Internal Service Funds is provided principally by transfers from other funds.

County of Delaware, Pennsylvania

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Current Assets				
Cash and cash equivalents	\$ 275,396	\$ 995,816	\$ 2,508,820	\$ 3,780,032
Prepaid expenses	-	-	2,437,150	2,437,150
Due from other funds	5,299,619	-	-	5,299,619
Total current assets	<u>\$ 5,575,015</u>	<u>\$ 995,816</u>	<u>\$ 4,945,970</u>	<u>\$ 11,516,801</u>
Current Liabilities and Net Position				
Current Liabilities				
Claims payable	\$ 5,575,015	\$ 313,392	\$ 411,615	\$ 6,300,022
Due to governmental funds	-	682,424	4,534,355	5,216,779
Total current liabilities	5,575,015	995,816	4,945,970	11,516,801
Net Position	-	-	-	-
Total liabilities and net position	<u>\$ 5,575,015</u>	<u>\$ 995,816</u>	<u>\$ 4,945,970</u>	<u>\$ 11,516,801</u>

County of Delaware, Pennsylvania

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

Year Ended December 31, 2016

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Operating Revenues				
Charges for services	\$ 50,004,767	\$ 2,395,964	\$ 5,398,208	\$ 57,798,939
Operating Expenses				
Insurance claims	50,004,767	2,378,454	5,398,415	57,781,636
Administration	-	17,591	-	17,591
Total operating expenses	50,004,767	2,396,045	5,398,415	57,799,227
Operating Loss	-	(81)	(207)	(288)
Nonoperating Revenue				
Investment earnings	-	81	207	288
Change in Net Position	-	-	-	-
Net Position, Beginning	-	-	-	-
Net Position, Ending	\$ -	\$ -	\$ -	\$ -

County of Delaware, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2016

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 51,139,824	\$ 2,396,045	\$ 5,573,464	\$ 59,109,333
Payments to suppliers	<u>(51,111,936)</u>	<u>(2,396,045)</u>	<u>(5,573,464)</u>	<u>(59,081,445)</u>
Net cash used in operating activities	<u>27,888</u>	<u>-</u>	<u>-</u>	<u>27,888</u>
Cash Flows Provided by Investing Activities				
Interest received	<u>-</u>	<u>81</u>	<u>207</u>	<u>288</u>
Net (decrease) increase in cash and cash equivalents	27,888	81	207	28,176
Cash and Cash Equivalents, Beginning	<u>247,508</u>	<u>995,735</u>	<u>2,508,613</u>	<u>3,751,856</u>
Cash and Cash Equivalents, Ending	<u>\$ 275,396</u>	<u>\$ 995,816</u>	<u>\$ 2,508,820</u>	<u>\$ 3,780,032</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities				
Operating loss	\$ -	\$ (81)	\$ (207)	\$ (288)
Adjustments to reconcile operating loss to net cash used in operating activities:				
(Increase) decrease in due to other funds	1,135,057	-	(175,051)	960,006
Increase in prepaid expenses	-	-	175,051	175,051
Increase (decrease) in claims payable	<u>(1,107,169)</u>	<u>81</u>	<u>207</u>	<u>(1,106,881)</u>
Total adjustments	<u>27,888</u>	<u>81</u>	<u>207</u>	<u>28,176</u>
Net Cash Used In Operating Activities	<u>\$ 27,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,888</u>

Combining Statements and Schedules

Component Units

County of Delaware, Pennsylvania

Component Units Description of Component Units Year Ended December 31, 2016

Solid Waste Authority: To provide waste disposal almost entirely for citizens of Delaware County.

Economic Development Oversight Board: To encourage economic development in Delaware County by facilitating the retention of existing business, the formation of new business, and the vitality of all business within the County of Delaware

Waterfront Industrial Development Authority: To acquire, construct, finance, improve and maintain industrial and commercial development projects and public facilities in certain geographic regions within the City of Chester.

Redevelopment Authority: To deliver services to County residents, pursuant to the Urban Redevelopment Law, Act of 1945. The Redevelopment Authority acts as the vehicle for condemnation and development within the County.

County of Delaware, Pennsylvania

 Combining Statement of Net Position
 Component Units
 December 31, 2016

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Total
Assets					
Cash and cash equivalents	\$ 9,380,061	\$ 194,797	\$ 61,604	\$ 4,608,357	\$ 14,244,819
Receivables (net of allowance for uncollectibles):	-	-	-	-	-
Accounts	5,253,962	-	-	-	5,253,962
Notes	-	147,722	-	-	147,722
Other	84,523	-	-	78,162	162,685
Inventories	126,157	-	-	-	126,157
Other assets	1,047,203	522,345	-	27,437	1,596,985
Investments	4,809,297	-	-	-	4,809,297
Restricted cash and cash equivalents	5,000,000	346,197	-	3,197	5,349,394
Capital assets (net of accumulated depreciation):	-	-	-	-	-
Land	7,000,000	-	849,286	1,024,199	8,873,485
Land improvements	2,873,827	-	-	-	2,873,827
Buildings and improvements	23,877,481	-	22,513,164	-	46,390,645
Equipment	1,568,576	-	-	-	1,568,576
Total assets	61,021,087	1,211,061	23,424,054	5,741,352	91,397,554
Deferred Outflows of Resources	332,055	-	-	-	332,055
Total assets and deferred outflows	<u>\$ 61,353,142</u>	<u>\$ 1,211,061</u>	<u>\$ 23,424,054</u>	<u>\$ 5,741,352</u>	<u>\$ 91,729,609</u>
Liabilities					
Accounts payable and other current liabilities	\$ 6,730,715	\$ 14,190	\$ -	\$ 171,400	\$ 6,916,305
Due to primary government	7,475,000	-	-	-	7,475,000
Unearned revenue	-	75,000	-	-	75,000
Long-term liabilities:	-	-	-	-	-
Due within one year,	-	-	-	-	-
Bonds and notes payable	1,086,000	-	-	-	1,086,000
Due in more than one year:	-	-	-	-	-
Bonds and notes payable	8,391,000	-	-	-	8,391,000
Net pension liability	194,963	-	-	-	194,963
Accrued closure costs	15,323,421	-	-	-	15,323,421
Total liabilities	39,201,099	89,190	-	171,400	39,461,689
Deferred Inflows of Resources	60,118	-	-	-	60,118
Net Position					
Net investment in capital assets	25,842,884	-	23,362,450	-	49,205,334
Restricted for:	-	-	-	-	-
Economic development	-	428,141	-	-	428,141
Solid waste	5,000,000	-	-	-	5,000,000
Unrestricted	(8,750,959)	693,730	61,604	5,569,952	(2,425,673)
Total net position	22,091,925	1,121,871	23,424,054	5,569,952	52,207,802
Total liabilities, deferred inflows, and net position	<u>\$ 61,353,142</u>	<u>\$ 1,211,061</u>	<u>\$ 23,424,054</u>	<u>\$ 5,741,352</u>	<u>\$ 91,729,609</u>

County of Delaware, Pennsylvania

Combining Statement of Activities

Component Units

Year Ended December 31, 2016

	Program Revenues		Net (Expense) Revenue and Changes in Net Position				Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority		Redevelopment Authority
Functions/Programs								
Solid Waste Authority, Public works	\$ 39,434,691	\$ 30,660,828	\$ 2,029,630	\$ (6,744,233)	\$ -	\$ -	\$ -	\$ (6,744,233)
Economic Development Oversight Board, Public works	667,017	20,019	574,336	-	(72,662)	-	-	(72,662)
Waterfront Industrial Authority, Public works	978,834	-	-	-	-	(978,834)	-	(978,834)
Redevelopment Authority, Public works	6,950,829	-	6,982,610	-	-	-	31,781	31,781
Total component units	<u>\$ 48,031,371</u>	<u>\$ 30,680,847</u>	<u>\$ 9,586,576</u>	<u>(6,744,233)</u>	<u>(72,662)</u>	<u>(978,834)</u>	<u>31,781</u>	<u>(7,763,948)</u>
General Revenues								
Other				(457,636)	61,689	-	2,000	(393,947)
Unrestricted investment earnings				141,257	4,981	121	630	146,989
Change in net position				(7,060,612)	(5,992)	(978,713)	34,411	(8,010,906)
Net Position, Beginning				28,404,460	1,127,863	24,402,767	5,535,541	59,470,631
Cumulative effect of prior period accounting misclassification				748,077	-	-	-	748,077
Net Position, Ending				<u>\$ 22,091,925</u>	<u>\$ 1,121,871</u>	<u>\$ 23,424,054</u>	<u>\$ 5,569,952</u>	<u>\$ 52,207,802</u>

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Capital Assets by Function

County of Delaware, Pennsylvania

Schedule of Changes in Capital Assets by Function
For the Year Ended December 31, 2016

	Changes in Capital Assets			December 31, 2016
	January 1, 2016	Additions	Disposals/ Reclassification	
General government and judicial	\$ 218,805,713	\$ 10,551,905	\$ (379,438)	\$ 228,978,180
Recreation	12,510,220	2,594,332	-	15,104,552
Corrections	109,385,545	7,970	(22,616)	109,370,899
Health and human services	11,742,413	411,087	(54,345)	12,099,155
Infrastructure	16,045,239	1,558,181	-	17,603,420
Other	1,801,329	29,961	-	1,831,290
Total	<u>\$ 370,290,459</u>	<u>\$ 15,153,436</u>	<u>\$ (456,399)</u>	<u>\$ 384,987,496</u>

	Ending Balance is Composed of			Total
	Land and Improvements	Buildings and Improvements	Equipment	
General government and judicial	\$ 15,624,430	\$ 130,675,489	\$ 82,678,261	\$ 228,978,180
Recreation	8,695,438	4,769,661	1,639,453	15,104,552
Corrections	5,425,643	96,818,312	7,126,944	109,370,899
Health and human services	216,698	904,332	10,978,125	12,099,155
Infrastructure	17,603,420	-	-	17,603,420
Other	-	-	1,831,290	1,831,290
Total	<u>\$ 47,565,629</u>	<u>\$ 233,167,794</u>	<u>\$ 104,254,073</u>	<u>\$ 384,987,496</u>

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Statistical Section

County of Delaware, Pennsylvania

Statistical Section

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the County's overall financial health.

Contents

Financial Trends

Tables 1 through 4 contain trend information to help the reader understand how the County's financial performance and strength have changed over time.

Revenue Capacity

Tables 5 through 8 contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

Tables 9 through 11 present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

Tables 12 and 13 offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

Tables 14 through 16 contain service data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules was derived from the County's audited annual financial reports from relevant years.

County of Delaware, Pennsylvania

Net Position by Component, Government-wide

Table 1

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net investment in capital assets	\$ (102,249,460)	\$ (100,753,289)	\$ (96,331,704)	\$ (97,119,597)	\$ (86,608,478)	\$ (73,172,651)	\$ (67,891,655)	\$ (60,035,609)	\$ (65,173,815)	\$ (40,524,551)
Nonspendable	-	-	-	-	-	-	1,381,507	1,144,114	1,173,055	-
Restricted:										
Highways and streets	2,123,560	2,077,672	1,873,935	2,117,979	2,045,289	1,856,882	1,777,099	1,430,456	703,883	816,798
Infrastructure	-	-	-	-	-	-	-	38,358	62,140	62,140
Library	2,311,124	2,551,221	2,269,284	3,002,528	2,181,260	1,859,136	682,598	609,672	185,364	580,577
Community development	3,800,278	3,909,636	3,665,564	3,406,100	3,587,712	2,847,493	3,797,657	3,961,639	5,050,406	5,250,054
Title IV D program	1,575,771	1,377,273	1,595,222	724,447	823,268	1,232,444	1,870,555	426,047	449,953	524,260
Capital projects	-	-	-	-	-	2,293,963	2,346,683	-	19,062	19,141
Unrestricted	127,552,069	126,877,989	87,488,307	73,417,283	65,787,670	59,685,325	47,129,403	46,128,192	74,177,108	56,041,052
Total governmental activities net position	<u>\$ 35,113,342</u>	<u>\$ 36,040,502</u>	<u>\$ 560,608</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>	<u>\$ 16,647,156</u>	<u>\$ 22,769,471</u>
Business-Type Activity										
Net investment in capital assets	\$ (12,212,924)	\$ (14,674,792)	\$ (16,954,126)	\$ (19,420,689)	\$ (20,980,693)	\$ (21,708,469)	\$ (21,213,250)	\$ (20,594,380)	\$ (20,156,636)	\$ (19,214,171)
Unrestricted	19,369,675	20,325,287	17,807,213	19,420,689	20,980,693	21,708,469	21,213,250	20,594,380	31,321,623	29,786,041
Total business-type activity net position	<u>\$ 7,156,751</u>	<u>\$ 5,650,495</u>	<u>\$ 853,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,164,987</u>	<u>\$ 10,571,870</u>
Primary Government										
Net investment in capital assets	\$ (114,462,384)	\$ (115,428,081)	\$ (113,285,830)	\$ (116,540,286)	\$ (107,589,171)	\$ (94,881,120)	\$ (89,104,905)	\$ (80,629,989)	\$ (85,330,451)	\$ (59,738,722)
Nonspendable	-	-	-	-	-	-	1,381,507	1,144,114	1,173,055	-
Restricted	9,810,733	9,915,802	9,404,005	9,251,054	8,637,529	10,089,918	10,474,592	6,466,172	6,470,808	7,252,970
Unrestricted	146,921,744	147,203,276	105,295,520	92,837,972	86,768,363	81,393,794	68,342,653	66,722,572	105,498,731	85,827,093
Total primary government net position	<u>\$ 42,270,093</u>	<u>\$ 41,690,997</u>	<u>\$ 1,413,695</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>	<u>\$ 27,812,143</u>	<u>\$ 33,341,341</u>

Source: Comprehensive Annual Financial Reports

Note: Fiscal years 2007 through 2014 have not been restated to conform with the implementation of GASB Statement 68 in fiscal year 2015. As a result of the implementation of GASB 68 in 2015, unrestricted net position increased as a result of recording of the net pension asset.

County of Delaware, Pennsylvania

Changes in Net Position, Government-wide

Table 2

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 117,149,254	\$ 105,578,345	\$ 124,365,790	\$ 143,983,937	\$ 130,302,387	\$ 124,851,749	\$ 130,258,805	\$ 141,161,340	\$ 139,824,286	\$ 139,863,152
Judicial	50,453,563	50,988,095	52,473,162	52,360,413	45,844,482	48,381,276	48,371,935	47,072,546	48,114,691	47,579,146
Corrections	63,074,977	65,463,589	67,071,482	67,891,398	68,876,004	69,457,964	70,790,012	71,432,033	69,303,184	70,396,646
Health and human services	289,027,665	306,991,797	282,321,631	248,889,415	245,274,186	245,077,186	248,301,666	251,336,280	264,760,015	293,120,188
Highways, streets and bridges	5,721,522	5,904,881	7,968,517	1,924,872	2,333,302	13,130,022	2,807,351	2,187,625	1,741,793	5,109,270
Interest on long-term debt	13,914,920	10,449,791	9,638,681	9,198,303	8,637,786	8,794,312	8,457,413	8,123,155	7,669,091	4,715,546
Total governmental activities expenses	539,341,901	545,376,498	543,839,263	524,248,338	501,268,147	509,692,509	508,987,182	521,312,979	531,413,060	560,783,948
Business-type activities,										
Geriatric Center	71,623,512	73,142,781	75,824,685	78,716,756	81,376,108	81,863,752	80,763,126	77,855,996	78,291,391	80,155,082
Total primary government expenses	610,965,413	618,519,279	619,663,948	602,965,094	582,644,255	591,556,261	589,750,308	599,168,975	609,704,451	640,939,030
Program Revenues										
Governmental activities:										
Charges for services:										
General government	10,343,702	9,097,908	9,446,492	9,004,999	10,273,501	11,581,252	10,410,962	8,916,675	9,451,202	10,808,949
Judicial	5,941,578	6,430,569	6,062,227	5,708,978	5,006,264	5,280,673	5,206,386	5,137,583	5,284,756	5,099,131
Corrections	6,454,886	7,885,594	7,978,858	8,870,808	8,501,485	8,878,377	12,500,228	11,696,677	10,872,399	9,969,527
Capital grants and contributions	-	-	-	-	2,514,224	9,863,638	1,462,919	81,308	398,116	7,169,508
Operating grants and contributions	353,621,998	356,488,933	356,221,618	324,337,383	315,358,881	315,233,611	302,984,285	315,864,486	325,546,736	355,308,838
Total governmental activities program revenues	376,362,164	379,903,004	379,709,195	347,922,168	341,654,355	350,837,551	332,564,780	341,696,729	351,553,209	388,355,953
Business-type activity,										
Capital grants and contributions	-	-	-	-	91,281	379,719	-	-	-	-
Geriatric Center - charges for services	69,659,057	73,391,222	72,611,507	72,111,626	73,517,671	74,681,667	75,172,541	75,783,231	78,596,865	74,116,170
Total primary government program revenues	446,021,221	453,294,226	452,320,702	420,033,794	415,263,307	425,898,937	407,737,321	417,479,960	430,150,074	462,472,123

County of Delaware, Pennsylvania

Changes in Net Position, Government-wide
 Table 2
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental activities	\$ (162,979,737)	\$ (164,130,068)	\$ (164,130,068)	\$ (176,326,170)	\$ (159,613,792)	\$ (158,854,958)	\$ (176,422,402)	\$ (179,616,250)	\$ (179,859,851)	\$ (172,427,995)
Business-type activity	(1,964,455)	248,441	(3,213,178)	(6,605,130)	(7,767,156)	(6,802,366)	(5,590,585)	(2,072,765)	305,474	(6,038,912)
Total primary government net expense	(164,944,192)	(163,881,627)	(167,343,246)	(182,931,300)	(167,380,948)	(165,657,324)	(182,012,987)	(181,689,015)	(179,554,377)	(178,466,907)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	132,282,144	144,579,397	143,583,153	154,340,906	155,615,119	160,312,545	164,661,208	172,842,088	170,843,978	172,268,546
Unrestricted investment earnings	8,174,110	4,093,624	3,271,147	2,348,032	2,924,184	2,615,151	2,830,737	2,356,693	1,876,866	979,836
Grants and charges not restricted to specific programs	7,966,473	7,874,320	317,723	334,292	359,641	407,693	352,508	494,046	971,942	959,266
Gaming revenue	8,579,360	9,853,313	9,478,151	9,795,345	10,472,563	10,224,170	9,334,840	8,604,779	8,589,487	8,067,163
Transfers	-	-	-	(5,504,273)	(7,489,734)	(5,918,730)	(4,482,703)	(2,072,334)	-	(3,724,501)
Total government activities	157,002,087	166,400,654	156,650,174	161,314,302	161,881,773	167,640,829	172,696,590	182,225,272	182,282,273	178,550,310
Business-type activity:										
Investment earnings	376,025	260,548	167,021	247,770	277,422	883,636	1,107,882	431	287,643	1,721,294
Interest on long-term debt	(2,044,791)	(2,015,245)	(1,751,251)	-	-	-	(4,715,546)	-	-	-
Transfers	-	-	-	5,504,273	7,489,734	5,918,730	4,482,703	2,072,334	-	3,724,501
Total business-type activity	(1,668,766)	(1,754,697)	(1,584,230)	5,752,043	7,767,156	6,802,366	875,039	2,072,765	287,643	5,445,795
Total primary government	155,333,321	164,645,957	155,065,944	167,066,345	169,648,929	174,443,195	173,571,629	184,298,037	182,569,916	183,996,105
Special Item										
Capital grant to component unit	-	-	(28,000,000)	-	-	-	-	-	-	-
Change in Net Position										
Governmental activities	(5,977,650)	927,160	(35,479,894)	(15,011,868)	2,267,981	8,785,871	(3,725,812)	2,609,022	2,422,422	6,122,315
Business-type activity	(3,633,221)	(1,506,256)	(1,584,230)	(853,087)	-	-	-	-	593,117	(593,117)
Total primary government	\$ (9,610,871)	\$ (579,096)	\$ (37,064,124)	\$ (15,864,955)	\$ 2,267,981	\$ 8,785,871	\$ (3,725,812)	\$ 2,609,022	\$ 3,015,539	\$ 5,529,198

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

Fund Balances, Governmental Funds

Table 3

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 963,322	\$ 562,376	\$ 1,381,507	\$ 1,144,114	\$ 1,173,055	\$ 994,359
Restricted	-	-	-	-	823,268	1,232,444	1,870,555	426,047	449,953	524,260
Assigned										
County geriatric center	-	-	-	-	11,400,000	11,400,000	11,400,000	12,000,000	15,000,000	15,000,000
Employee healthcare costs	-	-	-	-	11,400,000	11,400,000	11,400,000	12,000,000	15,000,000	15,000,000
Unassigned	-	-	-	-	9,720,416	10,572,860	9,532,158	16,236,691	17,572,618	20,429,800
Reserved	1,575,771	1,377,273	1,595,222	724,447	-	-	-	-	-	-
Unreserved	1,576,014	5,136,773	6,296,597	7,433,686	-	-	-	-	-	-
Total general fund	<u>3,151,785</u>	<u>6,514,046</u>	<u>7,891,819</u>	<u>8,158,133</u>	<u>34,307,006</u>	<u>35,167,680</u>	<u>35,584,220</u>	<u>41,806,852</u>	<u>49,195,626</u>	<u>51,948,419</u>
All Other Governmental Funds										
Reserved	13,709,962	14,013,529	13,283,783	14,001,607	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	17,696,763	42,045,936	32,652,762	28,964,903	-	-	-	-	-	-
Nonspendable	-	-	-	-	5,475,000	5,475,000	5,475,000	5,475,000	5,475,000	5,475,000
Restricted	-	-	-	-	7,814,261	8,857,474	25,692,946	14,314,567	33,836,779	24,685,709
Assigned	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	1,576,451	1,215,875	509,216	424,024	360,010	293,103
Unassigned	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	(7,935,282)	-	-	-	-	-
Total all other governmental funds	<u>31,406,725</u>	<u>56,059,465</u>	<u>45,936,545</u>	<u>42,966,510</u>	<u>6,930,430</u>	<u>15,548,349</u>	<u>31,677,162</u>	<u>20,213,591</u>	<u>39,671,789</u>	<u>30,453,812</u>
Total all funds	<u>\$ 34,558,510</u>	<u>\$ 62,573,511</u>	<u>\$ 53,828,364</u>	<u>\$ 51,124,643</u>	<u>\$ 41,237,436</u>	<u>\$ 50,716,029</u>	<u>\$ 67,261,382</u>	<u>\$ 62,020,443</u>	<u>\$ 88,867,415</u>	<u>\$ 82,402,231</u>

Source: Comprehensive Annual Financial Reports

Note: Fiscal years 2007 through 2010 have not been restated to conform with the implementation of GASB Statement 54 in fiscal year 2011. As a result balances for fiscal year 2010 and prior will be classified as nonspendable and restricted, classification that were superseded by the implementation of GASB 54. In addition the \$20,080,000 reclassification that was required with the implementation of GASB 54 between the general fund and capital projects fund is not reflected on the above table for fiscal years 2010 and prior.

County of Delaware, Pennsylvania

Changes in Fund Balances, Governmental Funds

Table 4

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Real estate taxes	\$ 171,942,346	\$ 171,997,482	\$ 171,551,067	\$ 164,860,852	\$ 159,605,920	\$ 155,756,779	\$ 156,371,430	\$ 144,793,655	\$ 143,787,354	\$ 132,541,187
Licenses and inspections	53,704	37,084	17,415	62,948	10,125	36,960	23,828	18,423	27,196	43,256
General grants	80,665,550	73,975,998	69,626,188	69,446,178	81,030,796	79,758,176	81,046,110	76,987,688	73,719,633	78,797,375
Charges for services, fines, and forfeitures	22,650,651	22,787,617	21,915,998	22,860,520	23,371,602	22,000,400	24,016,541	24,809,672	24,635,138	24,079,183
Investment earnings	690,376	597,499	1,262,735	1,088,573	1,335,689	1,551,162	1,274,357	2,305,591	3,663,365	6,996,936
Gaming revenue	8,067,163	8,589,487	8,604,779	9,334,840	10,224,170	10,472,563	9,795,345	9,478,151	9,853,313	8,579,360
Health & human service grants	274,187,086	246,849,168	244,913,281	234,003,423	238,445,980	239,323,976	235,212,559	262,517,380	285,002,174	269,698,074
Other	10,200,330	9,317,148	9,932,293	8,435,747	11,909,751	8,167,796	9,769,447	8,616,768	15,694,585	14,705,388
Total revenues	568,457,206	534,151,483	527,823,756	510,093,081	525,934,033	517,067,812	517,509,617	529,527,328	556,382,758	535,440,759
Expenditures										
Current:										
General government	24,788,550	22,617,249	23,146,549	22,575,866	22,144,960	20,655,471	22,571,879	22,317,237	34,021,728	33,928,746
Judicial	47,579,146	48,139,889	50,873,015	50,000,068	49,969,242	47,472,352	52,241,301	52,370,643	50,903,956	50,378,744
Corrections	67,963,361	66,797,819	64,184,935	63,059,037	63,706,711	64,933,176	63,874,323	63,984,713	62,387,050	60,066,905
Transportation	7,572,663	7,336,000	6,921,000	6,921,000	6,799,396	7,024,827	7,245,074	7,315,678	7,457,681	7,449,793
Health & Human Services	281,110,078	253,272,168	251,336,280	240,428,656	244,872,046	245,787,429	242,129,230	268,947,966	291,472,407	276,135,072
Highways, streets, and bridges	4,770,055	1,550,238	1,555,907	1,187,336	1,385,854	1,248,678	986,357	1,277,450	1,192,055	946,902
Other	103,986,008	101,066,406	97,066,673	94,686,905	101,708,121	96,179,650	101,227,482	93,685,918	84,604,164	85,438,329
Debt Service:										
Principal	16,314,207	15,066,379	55,376,822	16,179,257	16,023,160	12,384,941	11,141,297	9,736,996	10,332,490	17,877,853
Interest	7,937,644	7,783,743	8,245,198	8,566,563	8,900,486	8,651,294	9,156,658	10,218,403	10,865,222	13,986,601
Debt insurance costs	443,240	126,881	210,529	-	-	-	-	-	-	-
Capital outlay	9,205,847	8,547,739	10,801,510	10,460,337	15,026,734	15,302,712	19,320,464	9,858,830	5,171,004	9,592,540
Total expenditures	571,660,789	532,304,511	569,718,418	514,065,025	530,536,710	519,640,530	529,894,065	539,713,834	558,407,757	555,801,485
Excess of Revenues Over (Under) Expenditures	(3,203,583)	1,846,972	(41,894,662)	(3,971,944)	(4,602,677)	(2,572,718)	(12,384,448)	(10,186,506)	(2,024,999)	(20,360,726)
Other Financing Sources (Uses)										
Transfers in	18,959,677	20,561,366	21,174,980	16,143,991	13,538,768	15,327,150	11,751,849	10,523,980	10,666,376	9,361,932
Transfers out	(22,684,178)	(20,561,366)	(23,247,314)	(20,626,694)	(19,457,498)	(22,641,639)	(17,256,122)	(10,523,980)	(10,666,376)	(9,361,932)
Redemption of refunded bond	(55,780,000)	-	-	-	-	-	(29,995,000)	(61,225,000)	(9,497,000)	(42,130,000)
Issuance of bonds and notes	49,420,000	25,000,000	38,726,057	25,000,000	20,000,000	-	15,185,000	28,595,000	30,000,000	-
Issuance of bond premium	6,822,900	-	-	-	-	-	-	104,420	-	-
Issuance of refunding bond	-	-	-	-	-	-	29,995,000	54,750,000	9,537,000	42,304,000
Issuance of refunding bond premium	-	-	-	-	-	-	-	7,216,939	-	-
Total other financing sources (uses)	(3,261,601)	25,000,000	36,653,723	20,517,297	14,081,270	(7,314,489)	9,680,727	29,441,359	30,040,000	174,000
Special Item										
Capital grant to component unit	-	-	-	-	-	-	-	(28,000,000)	-	-
Net Change in Fund Balances	(6,465,184)	26,846,972	(5,240,939)	16,545,353	9,478,593	(9,887,207)	(2,703,721)	(8,745,147)	28,015,001	(20,186,726)
Fund Balance, Beginning	88,867,415	62,020,443	67,261,382	50,716,029	41,237,436	51,124,643	53,828,364	62,573,511	34,558,510	54,745,236
Fund Balance, Ending	\$ 82,402,231	\$ 88,867,415	\$ 62,020,443	\$ 67,261,382	\$ 50,716,029	\$ 41,237,436	\$ 51,124,643	\$ 53,828,364	\$ 62,573,511	\$ 34,558,510
Debt Service as a percentage of non-capital expenditure	4.36%	4.35%	11.36%	4.90%	4.87%	4.16%	3.90%	3.71%	3.93%	6.03%

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

Assessed Value and Estimated Actual Value of Taxable Property

Table 5

Last Ten Years

As of December 31, 2016

(Unaudited)

Fiscal Year	Estimated Market Values				Less: Tax-Exempt Property (000's)	Total Taxable Assessed Value (000's)	Total Direct Tax Rate
	Total Residential Property	Total Commercial Property	Total Industrial and Other Property	Total Real Property (000's)			
2007	Not available	Not available	Not available	33,232,773	3,605,832	29,626,941	4.450
2008	Not available	Not available	Not available	33,796,102	3,600,063	30,196,039	4.825
2009	\$ 23,824,736	\$ 5,472,872	\$ 4,600,102	33,897,710	3,604,093	30,293,617	4.825
2010	23,860,373	5,535,242	4,538,767	33,934,382	3,617,684	30,316,698	5.184
2011	23,954,534	5,454,156	4,583,732	33,992,422	3,679,376	30,313,046	5.184
2012	24,040,640	5,437,941	4,602,797	34,081,378	3,694,210	30,387,168	5.304
2013	24,141,041	5,515,209	4,599,166	34,255,416	3,677,062	30,578,354	5.452
2014	24,256,948	5,674,512	4,632,054	34,563,514	3,731,292	30,832,222	5.604
2015	24,407,689	5,623,591	4,643,476	34,674,756	3,744,563	30,930,193	5.604
2016	24,521,950	5,976,054	4,417,107	34,915,111	3,580,982	31,334,129	5.604

Source: County of Delaware, Pennsylvania Assessment Office

Note: Estimated market values by property type not available for years prior to 2009

County of Delaware, Pennsylvania

Direct and Overlapping Real Estate Tax Rates

Table 6

Last Ten Years

As of December 31, 2016

(Rate Per \$1,000 of Assessed Value)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Direct Rate:										
General	3.4801	3.8880	3.8880	4.4020	4.3180	4.3930	4.5100	4.6630	4.7150	4.6760
Debt	0.9699	0.9370	0.9370	0.7820	0.8660	0.9110	0.9420	0.9410	0.8890	0.9280
Total direct rate	4.4500	4.8250	4.8250	5.1840	5.1840	5.3040	5.4520	5.6040	5.6040	5.6040
Borough and Township Rates:										
Aldan Borough	5.0470	5.2620	5.4199	5.6600	6.1110	6.4104	7.4985	7.4985	7.4985	8.1300
Aston Township	3.1100	3.6500	3.6500	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.7000
Bethel Township	0.6500	0.8500	0.0850	1.8700	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650
Brookhaven Township	3.5000	3.9900	4.3500	4.3500	4.3500	0.8820	4.3500	4.3500	4.3500	4.3500
Chadds Ford Township	0.7820	0.0867	0.7720	0.0900	0.8820	4.3500	0.8820	0.8820	0.8820	0.8820
Chester City	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	diff. Bases	diff. Bases
Chester Heights	0.2200	0.2200	0.2200	8.8000	0.0580	0.0580	0.0580	0.0580	0.0580	0.9800
Chester Township	6.3000	7.5000	7.5000	7.2000	8.8000	8.0000	9.0000	9.0000	9.0000	9.9000
Clifton Heights Borough	10.0010	11.0010	11.5010	12.0100	12.0010	12.2510	13.0010	13.0010	13.0010	14.5010
Coillingdale Borough	8.7960	9.8960	9.8600	10.7400	11.2370	11.2370	12.2370	12.2370	12.2370	12.7370
Colwyn Borough	15.1000	16.6000	19.9100	20.0200	27.0000	27.0000	27.0000	27.2000	25.2000	25.2000
Concorn Township	0.8900	0.9250	0.9440	0.9400	0.9440	0.0944	0.9440	0.9440	0.9440	0.9440
Darby Borough	12.0000	13.6000	13.7410	13.7400	16.2410	17.7410	17.7409	17.7409	17.7410	18.4920
Darby Township	6.5000	8.6350	8.9100	8.9100	10.9100	10.9100	11.4100	11.4100	11.4100	11.4350
East Lansdowne Borough	8.6300	11.0000	11.0000	11.0000	11.0000	11.3000	11.3000	11.3000	11.3000	11.3000
Eddystone Borough	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	7.0000
Edmont Township	0.5548	0.6380	0.6699	0.7200	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283
Folcroft Borough	5.5000	5.5000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000
Glenolden Borough	7.4800	7.9200	7.9200	8.4000	8.4000	8.4000	8.4000	8.4000	8.4000	8.9000
Haverford Township	5.4160	6.0850	6.3590	6.3590	6.6890	6.9920	7.3340	7.5400	7.5400	7.9930
Lansdowne Borough	9.6200	10.1780	10.5850	10.8496	11.1210	11.6210	11.9120	12.2096	12.2096	12.6390
Lower Chichester Township	4.5000	6.0000	6.0000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000
Marcus Hood Borough	7.3500	8.3500	9.3500	9.3500	10.8500	12.3500	12.3500	12.3500	12.3500	12.3500
Marple Township	3.4000	3.5800	4.1100	4.1100	4.1840	4.1840	4.2900	4.4100	4.4100	4.4800
Media Borough	2.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Middletown Township	1.3600	1.3600	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.5000
Millbourne	21.0000	21.0000	23.0000	23.0000	23.0000	23.0000	24.0000	25.6160	25.6160	25.6420
Morton Borough	6.5130	6.5130	6.6610	7.1610	7.1600	8.1610	9.4110	9.6110	9.6110	11.3370
Nether Providence Township	3.4300	3.7600	3.9000	4.0900	4.3700	4.6800	4.7800	4.9200	4.9200	5.1600
Newtown Township	1.9998	2.1175	2.3023	2.5037	2.6640	2.7940	2.7940	2.8840	2.8840	2.9440
Norwood Borough	7.9610	8.0340	10.8220	10.8220	10.8220	10.8220	10.5500	10.5500	10.5500	11.3000
Parkside Borough	5.9700	7.6600	8.3600	8.8600	9.5000	9.5000	9.5000	9.5000	9.5000	10.0000
Prospect Park Borough	6.3100	6.7700	7.2400	7.9200	8.3200	8.3600	9.1200	9.5200	9.5200	9.6200
Radnor Township	3.0100	3.0100	3.3411	3.6411	3.7511	3.7511	3.7511	3.7511	3.7511	3.9228
Ridley Park Borough	6.1680	7.1090	7.4500	7.4500	7.7900	7.7900	8.1400	8.1400	8.1400	8.1400
Ridley Township	6.3700	7.2660	8.0160	8.0160	8.0170	8.0160	8.5160	8.5160	8.5160	9.2660
Rose Valley Borough	1.4120	1.5530	1.7700	1.9400	2.1100	2.3400	2.3400	2.4200	2.4200	2.2300
Rutledge	3.3100	3.6200	4.1500	4.3200	4.6800	5.2800	5.7100	5.7100	5.7100	5.7100
Sharon Hill Borough	6.4120	6.4120	6.4120	7.2400	7.5000	7.5000	7.5000	7.5000	7.5000	7.7500
Springfield Township	4.3600	4.7400	4.9800	4.9800	5.1700	5.3200	5.5860	5.5860	5.5860	5.5860
Swarthmore Borough	4.1770	4.5950	4.8700	5.2020	5.3020	5.4520	5.5890	5.5890	5.5890	5.6730
Tinicum Township	3.2000	3.9000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000
Trainer Borough	6.5000	8.0000	10.0000	12.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500
Upland Borough	2.0000	2.0000	2.0000	2.0000	2.0000	5.4520	2.0000	2.0000	2.0000	2.0000
Upper Chichester Township	5.7300	6.3500	5.8500	5.8500	5.3500	5.1000	5.1000	5.1000	5.1000	5.1000
Upper Darby Township	13.0400	14.3400	14.9900	15.9400	16.7900	17.9400	18.9300	19.9200	19.9200	20.3700
Upper Providence Township	3.0480	3.1280	3.4634	3.5490	3.6480	3.7340	3.8030	3.8730	3.8730	4.0000
Yeadon Borough	9.9900	9.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900
School District Rates:										
Chester-Upland	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	24.6928	25.6555
Chichester	31.4700	33.2950	34.6017	36.2819	37.7350	38.3000	38.6840	39.0708	39.0708	39.4615
Granet Valley	25.6040	26.0790	27.0680	27.8330	28.0260	29.0550	29.2006	29.7440	30.6437	31.3495
Haverford	21.0140	22.1600	23.1020	24.4743	26.0209	26.7305	27.6784	28.6692	29.4719	30.2964
Interboro	29.3500	30.0800	30.8300	31.6000	32.2000	32.2000	32.9406	33.4347	33.9362	34.9203
Marple-Newtown	14.1400	14.5367	15.1327	16.3222	25.1839	17.2199	17.6839	17.6839	18.0690	18.0690
Penn Delco	21.0170	21.6810	22.4220	23.1830	23.8250	24.5490	25.2760	25.9070	26.4760	27.2438
Radnor	18.2359	19.5118	20.2731	20.8681	21.1439	21.8227	21.7122	21.7122	22.1247	22.9262
Ridley	30.0630	31.7760	33.2490	35.5580	37.0310	38.2500	39.1250	39.2500	39.2500	39.9000
Rose Tree-Media	20.1314	21.0977	21.6251	21.6251	22.2522	22.6143	22.9445	23.3677	23.8080	24.3773
Southeast Delco	30.0840	30.0840	31.7840	35.7840	36.4996	36.8246	37.2849	38.4034	39.4786	40.4656
Springfield	23.9130	25.2840	26.2910	27.2230	27.9750	28.7300	29.3000	29.9604	30.6960	31.4212
Upper Darby	27.7700	28.7400	29.7200	30.9000	31.7300	32.8500	33.8150	34.5930	35.2160	35.2160
Wallingford Swarthmore	33.6100	35.9760	36.5660	37.6260	38.1520	39.3340	39.6930	40.5265	41.9760	43.4032
William Penn	35.6300	36.8400	38.4500	40.0600	40.0600	40.0600	41.6000	42.2900	43.0900	43.7400

Source: County of Delaware Planning Department, County of Delaware Tax Claim Department, and County of Delaware Budget Department

County of Delaware, Pennsylvania

Principal Property Taxpayers
 Table 7
 As of December 31, 2016
 Current Year and Ten Years Ago
 (Unaudited)

2016			2007		
Taxpayer	Assessed Value	Percentage of Total Assessed Value	Taxpayer	Assessed Value	Percentage of Total Assessed Value
Redwood ERC Concord LLC	\$ 120,256,460	18%	SDG Macerich Prop. Ltd.	\$ 92,001,890	17%
Chester Downs & Marina LLC	118,650,000	18%	Radnor Center Associates	68,954,300	13%
Radnor Center Associates	78,305,750	10%	Radnor Properties LP	64,443,910	12%
SAP America Inc	68,954,300	9%	BPG Real Estate	62,451,160	11%
Exelon Generation Company	57,509,000	8%	Exelon Generation Company	61,000,000	10%
KS Springfield	52,500,000	8%	SAP America	52,500,000	8%
White Horse Village	51,406,800	8%	CNL Retirement	51,128,200	8%
Radnor Properties	49,058,970	8%	Radnor Properties	48,965,641	8%
Campus Investors	48,965,641	7%	White Horse Village	42,873,500	7%
Dunwoody Home	42,873,500	6%	Radnor Properties	42,793,600	6%
	<u>\$ 688,480,421</u>	<u>100%</u>		<u>\$ 587,112,201</u>	<u>100%</u>

Source: County of Delaware, Pennsylvania Assessment Office

County of Delaware, Pennsylvania

Property Tax Levies and Collections

Table 8

Last Ten Years

As of December 31, 2016

(Unaudited)

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjusted Taxes Levied for the Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 132,759,942	\$ 131,839,023	\$ 127,269,898	96.5%	\$ 2,697,314	\$ 129,967,212	98.6%
2008	144,800,000	144,796,199	139,522,134	96.4%	1,937,327	141,459,461	97.7%
2009	145,696,574	145,303,995	139,193,850	95.8%	2,434,883	141,628,733	97.5%
2010	156,843,125	156,775,703	149,741,101	95.5%	3,490,784	153,231,885	97.7%
2011	160,699,548	157,648,907	153,602,147	97.4%	3,174,243	156,776,390	99.4%
2012	160,764,044	160,579,733	153,849,835	95.8%	5,033,868	158,883,703	98.9%
2013	166,424,943	166,258,998	159,849,174	96.1%	2,108,047	161,957,221	97.4%
2014	172,732,089	172,242,510	166,260,056	96.5%	3,589,152	169,849,208	98.6%
2015	172,931,485	172,708,552	166,201,838	96.2%	1,730,494	167,932,332	97.2%
2016	174,023,429	174,968,018	166,370,717	95.1%	-	166,370,717	95.1%

Source: County Assessment Office and County of Delaware, Pennsylvania, financial statements
County Tax Claim Bureau

County of Delaware Pennsylvania

Ratio of Outstanding Debt by Type

Table 9

Last Ten Years

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income (a)	Per Capita (a)	Percentage of Actual Total Value of Property (b)
	General Governmental Activities			Total Primary Government			
	General Obligation Debt	Deep Discount Bonds Net of Unamortized Discount	Business-Type Activity				
2016	\$ 273,817,760	\$ -	\$ 27,699,240	301,517,000	1.6 %	535	1.0 %
2015	296,327,561	-	30,753,439	327,081,000	1.7	580	1.1
2014	287,807,949	-	31,791,051	319,599,000	1.7	568	1.0
2013	305,740,681	-	33,095,319	338,836,000	1.9	603	1.0
2012	297,543,826	-	34,975,174	332,519,000	1.9	594	1.0
2011	291,337,128	2,420,465	36,072,872	329,830,465	1.8	589	1.0
2010	303,750,990	4,694,951	34,636,010	343,081,951	1.9	614	1.0
2009	305,135,826	6,830,638	27,218,174	339,184,638	1.9	608	1.1
2008	290,912,162	8,834,923	27,276,838	327,023,923	1.7	583	1.1
2007	269,666,826	10,718,947	27,071,174	307,456,947	1.7	553	1.0

(a) - See Table 12 for population data.

(b) - See Table 5 for property value data.

Note: General obligation debt reported above does not include unamortized premium balances

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2016

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Delaware	\$ 273,817,760	100%	\$ 273,817,760
(Municipality):			
Aston Twp	3,974,487	100%	3,974,487
Bethel Township	414,597	100%	414,597
Brookhaven Twp	2,901,083	100%	2,901,083
Chester City	24,260,248	100%	24,260,248
Chester Township	82,494	100%	82,494
Clifton Heights Borough	1,672,421	100%	1,672,421
Collingdale Borough	39,971	100%	39,971
Colwyn Borough	530,000	100%	530,000
Concord Township	13,896,000	100%	13,896,000
Darby Borough	6,825,000	100%	6,825,000
Darby Township	1,471,397	100%	1,471,397
Eddystone Borough	2,914,000	100%	2,914,000
Glenolden Borough	864,021	100%	864,021
Haverford Township	51,750,000	100%	51,750,000
Lansdowne Borough	3,099,000	100%	3,099,000
Lower Chichester Township	81,817	100%	81,817
Marcus Hook Borough	1,421,074	100%	1,421,074
Marple Township	13,928,000	100%	13,928,000
Media Borough	4,825,000	100%	4,825,000
Middletown Township	9,130,000	100%	9,130,000
Morton Borough	652,863	100%	652,863
Nether Providence Twp.	5,925,318	100%	5,925,318
Newtown Township	13,315,000	100%	13,315,000
Norwood Borough	954,538	100%	954,538
Parkside Borough	371,357	100%	371,357
Prospect Park Borough	1,411,071	100%	1,411,071
Radnor Township	59,635,000	100%	59,635,000
Ridley Park Borough	830,000	100%	830,000
Ridley Township	12,083,719	100%	12,083,719
Rutledge Borough	125,000	100%	125,000
Springfield Township	3,416,000	100%	3,416,000
Swarthmore Borough	1,865,415	100%	1,865,415
Thonbury Township	171,003	100%	171,003
Tinicum Township	13,561,184	100%	13,561,184
Upland Borough	1,409,523	100%	1,409,523
U. Chichester Township	4,176,222	100%	4,176,222
Upper Darby Township	15,713,000	100%	15,713,000
Upper Providence Township	2,025,000	100%	2,025,000
Yeadon Borough	3,099,000	100%	3,099,000
Direct borough/township debt			284,820,823

County of Delaware, Pennsylvania

Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2016

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
(School District):			
Chester-Upland	\$ 77,839,000	100%	\$ 77,839,000
Chichester	53,079,080	100%	53,079,080
Garnet Valley	108,802,780	100%	108,802,780
Haverford	118,183,000	100%	118,183,000
Interboro	50,190,000	100%	50,190,000
Marple-Newtown	81,680,000	100%	81,680,000
Penn Delco	75,650,000	100%	75,650,000
Radnor	95,625,000	100%	95,625,000
Ridley	56,186,227	100%	56,186,227
Rose Tree-Media	59,968,379	100%	59,968,379
Southeast Delco	51,524,821	100%	51,524,821
Springfield	58,740,000	100%	58,740,000
Upper Darby	28,567,839	100%	28,567,839
Wallingford Swarthmore	81,012,902	100%	81,012,902
William Penn	52,019,722	100%	52,019,722
Direct school district debt			1,049,068,750
Subtotal, overlapping debt		100%	1,333,889,573
Total direct and overlapping debt		100%	\$ 1,607,707,333

Source: County of Delaware, Pennsylvania, financial statements, townships, boroughs, and school districts of Delaware County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is sustained by residents and businesses of the County of Delaware. This process recognizes that when considering government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The estimated percentage of debt applicable to the County of Delaware was provided by the individual government units.

County of Delaware, Pennsylvania

Computation of Legal Debt Margin

Table 11

Last Ten Fiscal Years

December 31, 2016

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Borrowing Base Revenues (1)	\$ 503,323,037	\$ 528,871,550	\$ 538,675,759	\$ 534,473,234	\$ 515,539,248	\$ 506,291,039	\$ 504,478,366	\$ 512,084,629	\$ 520,358,837	\$ 539,752,125
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	\$ 1,509,969,111	\$ 1,586,614,650	\$ 1,616,027,277	\$ 1,603,419,702	\$ 1,546,617,744	\$ 1,518,873,117	\$ 1,513,435,098	\$ 1,536,253,887	\$ 1,561,076,511	\$ 1,619,256,375
General Obligation Debt	\$ 307,456,947	\$ 327,023,923	\$ 339,184,638	\$ 343,081,951	\$ 329,830,465	\$ 332,519,000	\$ 338,836,000	\$ 319,599,000	\$ 327,081,000	\$ 301,517,000
Legal Debt Margin	\$ 1,202,512,164	\$ 1,259,590,727	\$ 1,276,842,639	\$ 1,260,337,751	\$ 1,216,787,279	\$ 1,186,354,117	\$ 1,174,599,098	\$ 1,216,654,887	\$ 1,233,995,511	\$ 1,317,739,375

(1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act" which limits debt to revenues. Briefly, revenues of the last three years are adjusted for various nonrecurring and excludable items. The average of the adjusted revenues for the respective years is then the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.

Source: County of Delaware, Pennsylvania, financial statements

County of Delaware, Pennsylvania

Demographic and Economic Statistics

Table 12

Last Ten Fiscal Years

December 31, 2016

(Unaudited)

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	556,351	\$ 17,416,291	\$ 31,305	40.2	72,858	4.0%
2008	561,109	18,782,562	33,474	40.8	72,661	5.7%
2009	558,028	17,929,439	32,130	41.2	72,358	8.7%
2010	558,979	18,098,622	32,378	38.5	73,432	7.8%
2011	559,992	17,957,263	32,067	38.7	73,555	7.8%
2012	559,998	17,974,582	32,277	38.8	73,610	7.7%
2013	561,973	18,050,392	33,098	38.8	74,003	6.3%
2014	562,960	18,690,272	33,200	38.9	74,129	4.9%
2015	563,894	18,912,441	33,539	38.8	73,698	3.5%
2016	563,402	19,191,726	34,064	38.9	74,081	4.2%

Note: Personal property taxes were assessed at estimated actual value.

Source: U.S. Census Bureau, Center for Workforce Information & Analysis, PA Dept. of Education

County of Delaware, Pennsylvania

Principal Employers

Table 13

Current Year and Ten Years Ago

December 31, 2016

(Unaudited)

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crozer-Keystone Health System	7,000	2.48%	Crozer-Keystone Health System	7,100	1.33%
Boeing Co.	4,716	1.67%	Boeing Co. (Rotorcraft Div.)	4,700	0.88%
Wawa Inc.	2,946	1.04%	Boeing Co. (Army Systems Div.)	4,000	0.75%
Delaware County	2,881	1.02%	Villanova University	2,400	0.45%
United Parcel Service, Inc.	3,000	1.06%	Wawa Inc.	2,300	0.43%
Villanova University	2,500	0.89%	Riddle Health System	1,927	0.36%
SAP America	1,700	0.60%	Acme Markets Inc.	1,800	0.34%
Upper Darby School District	2,500	0.89%	Keystone Mercy Health	1,700	0.32%
Main Line Health System	2,500	0.89%	SAP America	1,500	0.28%
Harrah's	1,500	0.53%	Elwyn Industries	1,500	0.28%
Widener University	1,560	0.55%	Harrah's	1,300	0.24%

Source: PA Department of Labor, Delaware County Commerce Center

County of Delaware, Pennsylvania

Full-time Equivalent County Government Employees by Function/Program

Table 14

Last Ten Fiscal Years

December 31, 2016

(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government and administration	2,385	2,274	2,477	2,389	2,402	2,438	2,429	2,347	2,410	2,260
Judicial	693	754	718	669	690	692	687	656	674	657
Culture and recreation	16	17	14	15	17	17	17	17	17	17
Golf course	5	5	5	5	5	5	5	5	5	5
Fleet services	<u>6</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>
Total	<u><u>3,105</u></u>	<u><u>3,056</u></u>	<u><u>3,218</u></u>	<u><u>3,082</u></u>	<u><u>3,121</u></u>	<u><u>3,159</u></u>	<u><u>3,144</u></u>	<u><u>3,031</u></u>	<u><u>3,112</u></u>	<u><u>2,946</u></u>

Source: Personnel Department

County of Delaware, Pennsylvania

Operating Indicators by Function/Program

Table 15

Last Ten Fiscal Years

December 31, 2016

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
General Government and Judicial										
Bridges maintained	43	43	43	43	43	43	43	43	43	43
Buildings maintained	8	8	8	8	8	8	8	8	8	8
Recreation										
Rounds played	29,443	29,650	27,000	29,118	25,561	27,015	24,806	22,010	20,000	14,221
Garden plots	118	118	114	114	114	114	114	114	114	118
Summer Fest Events	52	46	49	47	49	50	50	50	49	49
Summer Fest Attendance	65,000	58,000	50,000	47,000	53,000	52,000	50,000	51,000	48,000	40,000
Health & Human Services										
Cases	55,642	56,441	57,266	67,479	69,037	69,994	69,994	33,364	34,698	59,004
Adoptions	756	795	836	809	719	701	714	720	725	62
Children in Foster Care	1,028	1,100	1,143	892	868	844	891	885	710	590
Mental Health Population	6,852	8,077	8,222	7,847	8,900	7,503	17,867	23,092	24,163	47,138
Judicial										
Cases										
Civil	1,690	1,783	1,191	1,230	1,428	1,639	1,862	11,837	11,399	11,522
Criminal	1,659	1,774	1,155	1,194	1,314	1,945	2,178	8,219	7,624	8,069
Solid Waste										
Residential Tonnage	264,164	253,147	244,590	238,406	230,358	217,700	213,195	211,852	211,349	209,153
Commercial Tonnage	137,690	151,290	132,920	130,847	136,125	140,694	147,684	155,443	164,887	164,796

Source: County Records

County of Delaware, Pennsylvania

Capital Asset Statistics by Function/Program

Table 16

Last Ten Fiscal Years

December 31, 2016

(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
General Government and Judicial										
Facilities	7	7	7	7	7	7	7	7	7	7
Vehicles	261	261	252	252	252	277	310	315	352	360
Recreation										
Parks	6	6	6	6	6	6	6	6	6	15
Golf Courses	1	1	1	1	1	1	1	1	1	1
Golf Rounds played	29,443	29,650	27,000	29,118	25,561	27,015	24,806	22,010	20,000	14,221
Vehicles	14	14	14	14	14	14	14	14	14	14
Public Works										
Vehicles	1	1	1	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	1	1	1	1	1
Corrections										
Capacity	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883
Vehicles	3	3	3	3	1	1	1	1	-	-
Juvenile Facility										
Capacity	66	66	66	66	66	66	66	66	66	66
Vehicles	2	2	2	2	2	2	2	2	2	2
Human Services										
Caseloads	55,642	56,441	57,266	57,266	67,479	68,919	69,002	33,364	34,698	59,004
Vehicles	52	51	45	45	46	46	46	46	43	42
Infrastructure										
Bridges	43	43	43	43	43	43	43	43	43	43

Source: County Records

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