

**County of Delaware,  
Pennsylvania**

Comprehensive Annual Financial Report  
Year Ended December 31, 2018

Prepared by **Joanne Phillips, Esq.**  
Controller

# County of Delaware, Pennsylvania

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# **Introductory Section**

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**CONTROLLER OF DELAWARE COUNTY**  
**GOVERNMENT CENTER BUILDING**  
**201 W. FRONT STREET**  
**MEDIA, PENNSYLVANIA 19063**

**Joanne Phillips, Esq.**  
**CONTROLLER**

**PHONE 610-891-4441**  
**FAX NUMBER 610-566-3256**

**Robert W. Scott, Esq.**  
**SOLICITOR**

**Jeffrey J. Powers, C.P.A.**  
**FIRST DEPUTY CONTROLLER**

**Rick Megaro, C.P.P.**  
**DEPUTY CONTROLLER**

June 25, 2019

To the Citizens of the County of Delaware, Pennsylvania:

I am pleased to present the Comprehensive Annual Financial Report of the County of Delaware, Pennsylvania (the "County") for the year ended December 31, 2018. This Comprehensive Annual Financial Report ("CAFR") was prepared by the Controller's Office 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 the responsibility 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 and notes. In addition, many of the County's administered social services 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, funding for the operation and 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.

Further, in response to the Right to Know law in the Commonwealth of Pennsylvania, the County maintains an Open Records Office. This office, with the assistance of the County's departments, is responsible for ensuring the County's compliance with the law and facilitating each citizen's right to access government documents. In 2018, the County's Open Records Office responded to 611 requests.

### **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 attorney in the Commonwealth of Pennsylvania and worked cooperatively with the independent auditors when they performed this annual audit. In addition, the County Controller's Office is required to serve in the capacity of internal auditor for the County. During the year, the Controller's Office staff, together with the services of independent certified public accountants, worked to maintain the integrity of the County system of internal accounting controls and conducted 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 to provide reasonable assurance that the financial statements are free from material misstatements.

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

County Council and the Controller will continue to utilize available technology and planning in an effort to deliver the highest quality of government services consistent with prudent management of taxpayer monies. The County will also continue to strive to act within the highest standards of internal controls over government business practices, while balancing the costs of such controls against the benefits to be derived from taking such measures, to provide reasonable assurance that the financial statements are free from any material misstatements.

### **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 complied with such budgetary controls for the year ended December 31, 2018.

### **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 consider undertaking certain financing actions 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, 2017. This was the 24th 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, due in part to earning this prestigious award.

## **Other Accomplishments and Initiatives**

### **County-wide Property Reassessment**

The County-wide Property Reassessment Project that commenced in 2017 was on track throughout 2018. The Reassessment Project, initiated in response to a court order to reassess all 202,399 residential and commercial properties in the County, met all of its targets in 2018. The firm contracted by the County uses multiple data sets to verify and establish the market value of all properties. The new valuations will be effective in 2021. To ensure transparency, the County launched a communication plan that included public meetings throughout the County, as well as continuous updates on its website and in social media. The reassessment will more fairly and equitably distribute the tax burden for school, municipal and county real estate taxes.

### **Combatting Opioid Addiction**

The County continued its efforts to combat the scourge of the opioid epidemic. The County experienced a decrease in overall drug-related deaths as well as those that are opioid-related, which may be due in part to efforts such as Narcan being carried by all local law enforcement officers and it being strategically placed in facilities throughout the County. Installation and training in its administration occurred in facilities serving juveniles, recovery houses and residents of the City of Chester. The County's Heroin Task Force sponsored Community Day, a celebration of prevention and recovery, attended by hundreds of the residents. This event also served as a prescription drug drop-off event.

Another effort in the County's multi-pronged approach to combatting opioid addiction is the creation of the Second Chance Court Pretrial Drug Program. Low to moderate offenders can access substance abuse treatment in their pretrial phase, immediately after arrest. Evidence has shown that this type of early intervention can be successful in helping a person to break the cycle of addiction and preventing future criminal behavior.

The County also significantly increased the number of contracted beds available for inpatient and residential treatment for substance abuse.

## **Medical Countermeasure/Strategic National Stockpile Program**

The County continues to plan, train and exercise the rapid and effective response to dispense lifesaving medication to all residents within 48 hours through its Medical Countermeasure/Strategic National Stockpile Program (MCM/SNS). In 2018 the County expanded its use of volunteers through trainings given to the Medical Reserve Corps and the Community Emergency Response Teams. These “train the trainer” programs serve as models for the region as effective means of incorporating citizen volunteers into the County’s emergency response planning. The County was once again recognized by the Commonwealth’s Department of Health for having a highly rated MCM/SNS program.

## **Emergency Services/911 Center**

The Department of Emergency Service continued its focus on public safety while managing over one million 911 calls generating 500,000 police events, 80,000 medical calls and 22,000 fire responses in 2018. The Emergency Operations Plan and Team were certified by the Pennsylvania Emergency Management Agency following a comprehensive program review and exercise. The Department also launched a number of infrastructure improvement projects including updated information technology, radio systems and internet security. To improve public safety, they established a real-time video Command Center to leverage the availability of school and privately-owned cameras to address the threat of all types of hazards.

## **Open Space**

The County continued its commitment to implementing its Open Space, Recreation and Greenway Plan. The development of trails is a priority, and in 2018 the County initiated Phase II of both the Chester Creek Trail (1.5 miles) in western Delaware County and the Darby Creek Trail (.5 mile) in eastern Delaware County. These extremely popular trails have enhanced the quality of life in their communities. In addition to the trail development, the County made a major commitment to the Plan by establishing a \$10 million Open Space Fund. Through this fund, the County will award grants to municipalities to purchase and conserve open space, for improvements to existing parks and recreational facilities, and to construct local multi-use trails.

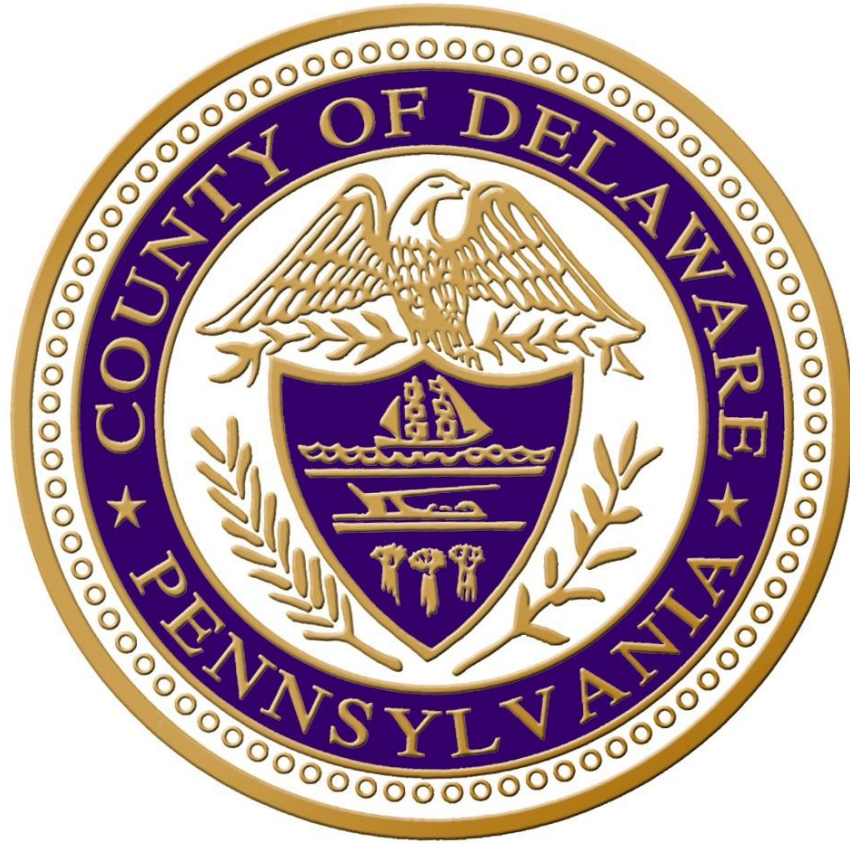
## **Acknowledgments**

I would like to acknowledge the assistance that I received from the staff of the Controller’s Office and the Budget Director and his staff, and the cooperation of the various Department officials throughout the County in the preparation of this report. I would also like to thank the Members of the County Council and the Executive Director for their interest in conducting the financial operations of the County in a responsible and professional manner.

The County Controller is aware of the limited resources of the County and its residents. We will continue to monitor the financial performance of the County and implement necessary measures to ensure that the high-standards of service and affordability are maintained.



Joanne Phillips, Esq.  
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

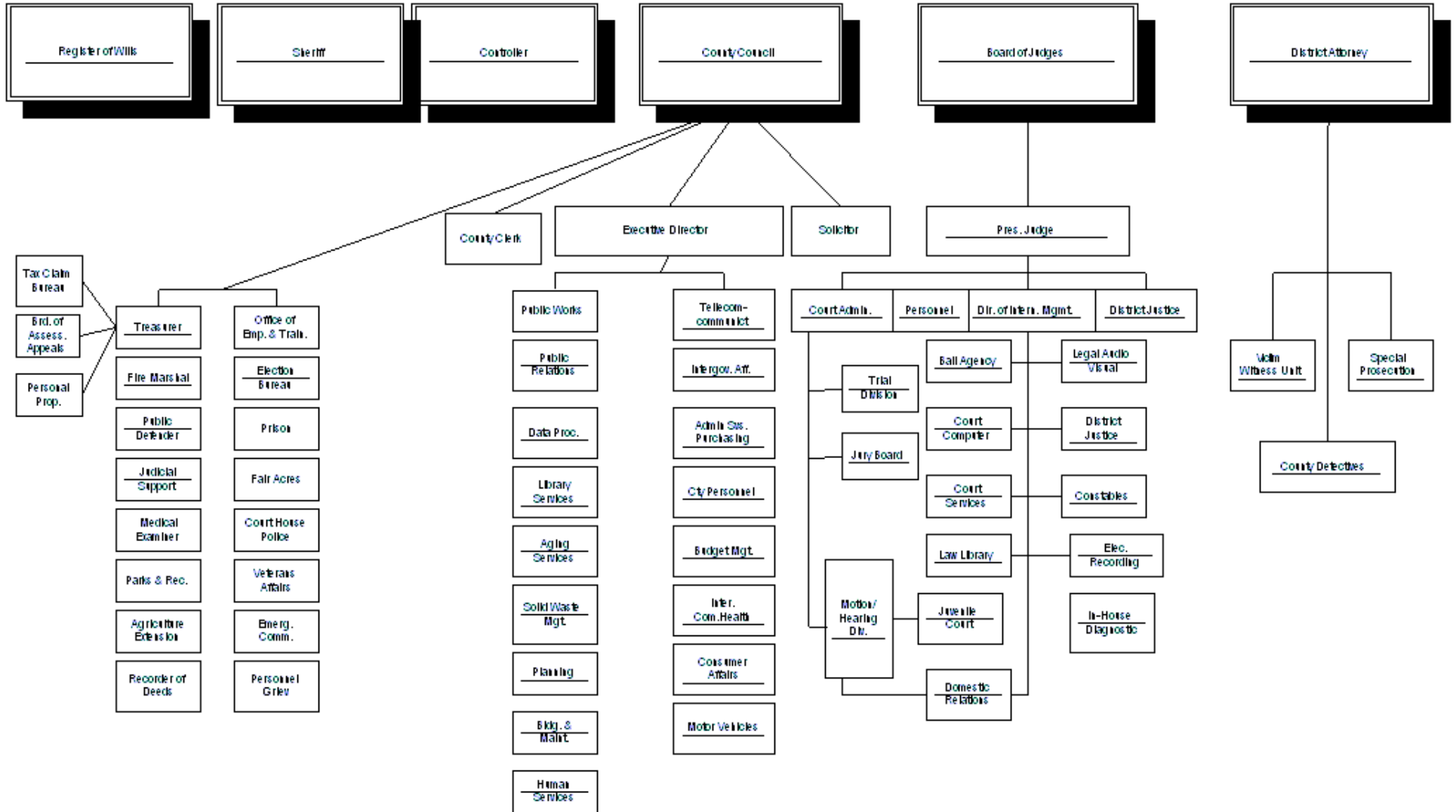
**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# Organizational Chart

## ELECTORATE DELAWARE COUNTY



# County of Delaware, Pennsylvania

## Principal County Officials

December 31, 2018

### Council

John P. McBlain - Chairman

Colleen P. Morrone - Vice Chairman

Michael Culp - Member

Brian P. Zidek - Member

Kevin M. Madden - Member

### Controller

Joanne Phillips, Esq.

### District Attorney

Katayoun M. Copeland

### Register of Wills

Mary J. Walk, Esq.

### Sheriff

Jerry L. Sanders, Jr.

### Executive Director

Marianne Grace

### Solicitor

Michael L. Maddren, Esq.

### Budget Director

James P. Hayes, CPA

### Treasurer

John A. Dowd

**County of Delaware, Pennsylvania**

**Principal County Officials**

**December 31, 2018**

**Judicial Support**

Angela L. Martinez, Esq.

**Recorder of Deeds**

Thomas J. Judge, Sr.

**County Clerk**

Anne Coogan

**Medical Examiner**

Fredric N. Hellman, M.D.

**Court of Common Pleas Board of Judges**

Kevin F. Kelly, President Judge

George A. Pagano

Kathrynann W. Durham

Barry C. Dozor

James P. Bradley

Chad F. Kenney

Mary Alice Brennan

Gregory M. Mallon

Linda A. Cartisano

Spiros E. Angelos

G. Michael Green

Nathaniel C. Nichols

John P. Capuzzi, Sr.

Richard M. Cappelli

William C. Mackrides

Anthony D. Scanlon

Margaret J. Amoroso

Dominic F. Pileggi

John J. Whelan

**Senior Judges**

Ann A. Osborne

Michael F. X. Coll

Frank T. Hazel

Charles B. Burr, II



# **Financial Section**

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## **Independent Auditors' Report**

To the County Council of  
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, 2018, 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, the Economic Development Oversight Board, the Delaware County Chester Waterfront Industrial Development Authority, and the Redevelopment Authority of the County of Delaware, which represent 100 percent of the assets, net position, and revenues of the discretely presented component units of the County. 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, the Economic Development Oversight Board, the 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, 2018, 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 16 through 27, Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios, Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns on pages 84 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### 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 88 through 115 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, and 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 25, 2019

## County of Delaware, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

### County of Delaware, Pennsylvania

#### Management's Discussion and Analysis (Unaudited)

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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, 2018, compared to 2017. 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 5-8 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 2018, the County's total net position as shown in the government-wide statements decreased by \$6.5 million. This decrease in net position is primarily attributable to the change in the valuation of the other post employment benefit liability.

#### 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.

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.

## County of Delaware, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

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 28-29 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 fiscal-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.

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 eleven 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 eight 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 30-34 of this report.

**Proprietary funds.** The County maintains two proprietary funds. Proprietary funds, or 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 35-37 of this report.

## County of Delaware, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

**Fiduciary funds.** The County maintains two fiduciary funds which consists of 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 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. Fiduciary activities are excluded from the government-wide statements because those resources are not available to finance the County's programs.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

**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 40-83 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 84-87 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 88-115 of this report.

### General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2018 was approximately \$245 million. This was a decrease of approximately \$3 million or 1 percent from the prior year final budget. There were no council amendments to the 2018 General Fund budget. Taking into account total expenditures and operating transfers, the County experienced an overall favorable budgetary variance of approximately \$28 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 \$(39,794,669).

# 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
	2018	2017	2018	2017	2018	2017	
Current assets	\$ 258	\$ 220	\$ 22	\$ 23	\$ 280	\$ 243	15 %
Long-term assets	380	363	23	10	403	373	8
Total assets	638	583	45	33	683	616	11
Deferred outflows	34	45	6	10	40	55	(27)
Other liabilities	128	150	7	9	135	159	(15)
Long-term liabilities outstanding	740	735	25	26	765	761	1
Total liabilities	868	885	32	35	900	920	(2)
Deferred inflows	68	-	11	-	80	-	-
Net position:							
Net investment in capital assets	(40)	(35)	(2)	(17)	(42)	(52)	19
Restricted	6	5	-	-	6	5	20
Unrestricted	(230)	(227)	9	25	(221)	(202)	(9)
Total net position	\$ (264)	\$ (257)	\$ 7	\$ 8	\$ (257)	\$ (249)	(3) %

# 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	
	2018	2017	2018	2017	2018	2017		
Program revenues:								
Charges for services	\$ 31	\$ 31	\$ 67	\$ 70	\$ 98	\$ 101	(3)	%
Operating grants and contributions	362	339	-	-	362	339	7	
Capital grants and contributions	2	6	-	-	2	6	(67)	
General revenues:								
Property taxes	177	174	-	-	177	174	1	
Gaming revenue	8	8	-	-	8	8	-	
Other	2	2	1	1	3	3	-	
Investment earnings	2	1	-	-	2	1	100	
<b>Total revenues</b>	<b>584</b>	<b>561</b>	<b>68</b>	<b>71</b>	<b>652</b>	<b>632</b>	<b>(3)</b>	
Program expenses:								
General government	158	184	-	-	158	184	(14)	
Judicial	46	47	-	-	46	47	(2)	
Corrections	74	73	-	-	74	73	1	
Health and Human Services	301	282	-	-	298	282	6	
Highways, streets and bridges	3	5	-	-	3	5	(40)	
Interest on long-term debt	5	5	-	-	5	5	-	
Geriatric Center	-	-	72	79	72	79	(9)	
<b>Total expenses</b>	<b>588</b>	<b>596</b>	<b>72</b>	<b>79</b>	<b>660</b>	<b>675</b>	<b>(2)</b>	
Net revenue (expense) before transfers	(4)	(35)	(4)	(8)	(8)	(43)	81	
Transfers	(3)	(5)	3	5	-	-	-	
Change in net position	(7)	(40)	(1)	(3)	(8)	(43)	81	
Net position, beginning	(257)	23	8	11	(249)	34	(832)	
Effect of adoption of GASB 75	-	(240)	-	-	-	(240)	(100)	
<b>Net position, ending</b>	<b>\$ (264)</b>	<b>\$ (257)</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ (257)</b>	<b>\$ (249)</b>	<b>(3)</b>	<b>%</b>



## County of Delaware, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

**Governmental activities.** Governmental activities decreased the County's net position by approximately \$6.5 million. Key element of this decrease are a result of the following:

- Operating grants and contributions increased by approximately \$22 million primarily resulting from increases health and human service grants.
- General government expenditures decreased approximately \$25 million primarily as a result of changes in other post employment benefit liability.
- The operating transfer from the General Fund to the Geriatric Center decreased by approximately \$2.4 million.

**Business-type activity.** Business-type activities decreased the County's net position by approximately \$1 million. Key element of this decrease are a result of the following:

- The Geriatric Center's revenue decreased by approximately \$2.7 million, the result of a decrease in overall bed occupancy primarily Medicaid patients. Bed occupancy decreased due to competition from other long-term care facilities and increased home healthcare availability. In addition, during 2018, 86 beds remained out of service in conjunction with a major multi-year facility renovation project. Preliminary work on the renovation project began in the 4<sup>th</sup> quarter of 2018.
- The Geriatric Center's non-pension fund related costs decreased by approximately \$5 million in 2018, primarily as a result of decreased employee healthcare costs, workers compensation costs and other operational costs including facilities management, pharmacy and physical and occupational therapy.

### Financial Analysis of the Major Funds

#### General Fund

Revenues of the General Fund totaled \$243,558,950 for the year ended December 31, 2018. The following represents a summary of General Fund revenue, by source, along with changes from 2017:

	<b>2018 Amount</b>	<b>2017 Amount</b>	<b>Increase (Decrease) from 2017</b>	<b>Percentage Increase (Decrease)</b>	
Real estate taxes	\$ 177,034,412	\$ 175,190,152	\$ 1,844,260	1	%
Gaming revenue	7,815,230	7,876,251	(61,021)	(1)	
Licenses and permits	26,083	47,373	(21,290)	(45)	
Investment earnings	1,811,675	747,537	1,064,138	142	
General grants	23,707,796	24,135,982	(428,186)	(2)	
Charges for services, fines, and forfeits	21,655,562	22,385,940	(730,378)	(3)	
Other	11,508,192	10,093,167	1,415,025	14	
Total	<u>\$ 243,558,950</u>	<u>\$ 240,476,402</u>	<u>\$ 3,082,548</u>	<u>1</u>	<u>%</u>

## County of Delaware, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

Real estate tax revenue was increased in 2018 compared to 2017, primarily as a result of a continued growth and expansion in certain parts of the County, resulting in increases in the tax base.

The increase in investment earnings is primarily the result of more favorable interest rates in 2018.

The decrease in general grants is primarily due to decreases in Title IV-D and Act 148 reimbursable costs experienced in 2018.

The decrease in charges for services, fines, and forfeits is primarily due to lower revenue collections experienced in the offices of Recorder of Deeds, Sheriff, Judicial Support and Bail Bond. Parental support payments related to juvenile placements were also lower due to decreased placement costs in 2018.

General Fund expenditures totaled \$217,202,526, which represents a decrease of \$4,401,219 or 2 percent from 2017. The following represents a summary of General Fund expenditures for the year ended December 31, 2018, by source, along with changes from 2017:

	<b>2018 Amount</b>	<b>2017 Amount</b>	<b>Increase (Decrease) from 2017</b>	<b>Percentage Increase (Decrease)</b>	
General government	\$ 24,591,607	\$ 24,554,072	\$ 37,535	0	%
Judicial	46,108,527	46,892,638	(784,111)	(2)	
Corrections	71,367,594	70,043,433	1,324,161	2	
Transportation	8,161,720	7,816,883	344,837	4	
Other	43,596,337	49,492,459	(5,896,122)	(12)	
Debt service:					
Principal	16,987,090	16,386,211	600,879	4	
Interest	6,389,651	6,418,049	(28,398)	0	
Total	<u>\$ 217,202,526</u>	<u>\$ 221,603,745</u>	<u>\$ (4,401,219)</u>	<u>(2)</u>	<u>%</u>

Judicial costs decreased in 2018 mainly as a result of lower juvenile placement costs and decreased departmental costs for Court Support & Services and Domestic Relations.

Corrections expenditures increased primarily as a result of increased contracted operational and legal services costs related to the County Prison and departmental cost increases for the offices of the Public Defender and District Attorney.

Transportation costs increased as a result of an increase in the statutory funding requirement to SEPTA for 2018.

Other expenses decreased primarily due to decreases in employee benefit expenses of approximately \$3 million, insurance expenses of approximately \$1 million, and pension fund contribution costs of approximately \$2 million. The pension fund contribution expense decreased in 2018 as a result of more favorable market conditions experienced in 2018. The decrease in employee benefit expense is primarily the result of reductions in healthcare claims costs. The decrease in insurance costs is mainly the result of decreases to the workers compensation liability.

The overall increase in the debt service expenditure amount is due to higher principal payments made in 2018.

## County of Delaware, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

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	\$ 172,721,000	\$ 172,721,000	\$ -
Gaming revenue	8,100,000	8,100,000	-
Licenses and permits	37,000	37,000	-
General grants	28,687,000	28,687,000	-
Charges for services, fines and forfeits	24,837,000	24,837,000	-
Investment earnings	555,000	555,000	-
Other	9,492,000	9,492,000	-
	<u>243,429,000</u>	<u>243,429,000</u>	<u>-</u>
Expenditures:			
General government	28,082,000	28,114,000	32,000
Judicial	57,254,000	57,254,000	-
Corrections	74,484,000	74,484,000	-
Transportation	8,165,000	8,165,000	-
Other	58,128,000	53,839,000	(4,289,000)
Debt service:			-
Principal	20,543,000	16,987,000	(3,556,000)
Interest	7,533,000	6,390,000	(1,143,000)
	<u>\$ 254,189,000</u>	<u>\$ 245,233,000</u>	<u>\$ (8,956,000)</u>

### Expenditures

General Government - The general government budget was increased as a result of unanticipated costs related to the office of County Council.

Other - The budget for other expenditures was decreased to fund required subsidies for Fair Acres Geriatric Center and 9-1-1 operations.

Debt Service - The budget for Debt Service was decreased to reflect the allocation of debt service expenditures to Fair Acres Geriatric Center.

### 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, 2018, the County expended \$13,753,928 for such projects, which represents an increase of \$3,704,744 from 2017. Capital Projects Fund balances at December 31, 2018 totaled \$43,264,594, of which \$5,475,000 is for an investment pledged by the Delaware County Solid Waste Authority as a Department of Environment Protection Agency bonding requirement.

## County of Delaware, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

### 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 and state grants, are restricted by law or other formal action to expenditures for specific purposes. The County match of \$6,923,000 in both 2018 and 2017 to the Health and Human Service Funds were reflected as operating transfers from the General Fund to cover the deficiency of revenues over expenditures.

### 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 \$48,410,989 and \$50,721,032, respectively, for 2018. These amounts represent a decrease in revenue of 9 percent and a decrease in expenditures of 13 percent from 2017 amounts. The 911 program had a deficiency of revenues over expenditures of \$4,477,977, which is the County subsidy. The following programs had excess (deficiency) revenues over expenditures in 2018 as follows: Library - \$(18,805), Liquid Fuels - \$(147,806), COSA - \$(121,000), CDBG/Rehab program - \$1,911,889 and Other - \$543,656.

### Pension Trust Fund

The net position reserved for employee's pension benefits was \$477,656,679. 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.

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$183,320,995 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements.

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Land	\$ 6,176,214	\$ -	\$ 6,176,214
Construction in progress	4,496,907	-	4,496,907
Land improvements	9,135,646	-	9,135,646
Buildings and improvements	107,321,516	8,307,796	115,629,312
Equipment	26,051,547	2,393,020	28,444,567
Infrastructure	19,438,349	-	19,438,349
Total	<u>\$ 172,620,179</u>	<u>\$ 10,700,816</u>	<u>\$ 183,320,995</u>

Additional information on the County's capital assets can be found in Note 12 on page 62 of this report.

## County of Delaware, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

### Long-Term Debt

As of December 31, 2018, the County's actual general obligation debt of \$301,024,000 is well below the legal limit of \$1,689,145,030 by \$1,388,121,020. Additional information on the County's long-term debt can be found at Note 16 on page 66 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."

### Economic Outlook

2018 was another year of consistent, steady economic growth in Delaware County. The County's unemployment rate of 3.4% remains below the statewide rate of 3.8%. According to the Bureau of Labor Statistics, the number of employees in the County totaled 228,480 as of December 2018. There were 203,618 private sector employees, specifically, with a count of 13,783 private business.

In addition, Moody's Investors Service affirmed the County's Aa1 rating in its 2018 Issuer Comment report, and the County's rating remains at AA with Standard & Poor's Ratings Services. The Moody's report stated, "Delaware County's credit position is excellent," and remarked, "Notable credit factors include a healthy financial position, low debt and pension liabilities, a very substantial tax base and a strong wealth and income profile."

The following new construction and redevelopment projects in the County commenced or were announced in 2018.

- A major redevelopment of the 58 acre Granite Run mall site in Middletown Township continues. An outdated enclosed mall is being transformed into a state of the art walkable town center promenade with restaurants, stores and even a new movie theater with bowling, bar and restaurant.
- Also investing in the County is Equus Capital with the new development of the Shops at Ellis Preserve, which have become a vibrant and stylish addition to the Newtown Square community. Plans for Phase 2 of The Shops at Ellis Preserve are now in the design stage of development.
- MCB Real Estate is redeveloping the Drexline Shopping Center, a 265,825 square foot property on 18.5 acres at Route 1 and State Road in Upper Darby Township. This town center concept will expand parking, improve traffic flow and enhance the overall economic vitality of the surrounding community. Plans include walking paths and improved access to public transportation. The overall project will be a \$110 to \$120 million investment in the community.
- Crozer Keystone Health System began the expansion project of their Taylor Hospital Emergency Room with a completion target in 2019. Additionally, Main Line Health announced plans to renovate their Birthplace at Riddle Hospital, which includes the nursery, patient rooms and other care areas for families and newborns.
- Major transformative campus construction projects are underway at Villanova, Cabrini and Neumann Universities.
- Amerihealth Caritas, an Independence Blue Cross affiliate that manages Medicaid plans, is relocating corporate headquarters from Tincum Township to the Ellis Preserve in Newtown Township. They will reside in a custom built 378,000 square foot building. Their current 650,000+ square foot space in Tincum will be completely refurbished as their national operations center. The company projects that these two actions will result in an additional 1,500 – 2,000 employees.
- Kimberly Clark in Chester has announced a \$150 million conversion of their coal fired plant to natural gas. Not only will this result in a significant reduction in carbon emissions, it will also ensure the future of the largest manufacturing facility in the City of Chester.

## County of Delaware, Pennsylvania

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Management's Discussion and Analysis  
(Unaudited)

The Delaware County Commerce Center continues their contract with the Pennsylvania Department of Community and Economic Development to act as the agent for the statewide "Engage!" program whereby staff meet individually with County-owned businesses to assess their needs and determine if particular government programs are available to assist these companies in growing their businesses. In this fiscal year to date, over 100 businesses have been personally surveyed.

The Commerce Center has created the County Accelerator in partnership with Headroom Inc. and the Service Corps of Retired Executives, an affiliate of the Small Business Association (SBA). Six (6) companies are currently enrolled at the Accelerator committed to growing the entrepreneurial job base of the County.

The Governor of Pennsylvania designated six targeted census tracts within the County as "Opportunity Zones" to encourage private investment. This incentive allows taxpayers with capital gains to invest their gains in equity funds for business development in the Opportunity Zones. In exchange, the taxpayers receive deferred, or potentially even complete forgiveness of, federal taxes due on gains from the investment.

Delaware County remains strong, diverse, vibrant and is well positioned for continued growth.

## County of Delaware, Pennsylvania

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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 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Delaware County Chester Waterfront Industrial Development Authority  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063

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# **Basic Financial Statements**

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**County of Delaware, Pennsylvania**

 Statement of Net Position  
 December 31, 2018

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
<b>Assets</b>				
Cash and cash equivalents	\$ 117,980,840	\$ 7,824,867	\$ 125,805,707	\$ 13,473,852
Receivables (net of allowance for uncollectibles):				
Taxes	7,280,297	-	7,280,297	-
Accounts	3,211,205	21,155,453	24,366,658	3,615,204
Grants	35,591,716	-	35,591,716	-
Notes	2,596,527	-	2,596,527	-
Other	5,952,340	-	5,952,340	1,218,745
Due from component units	7,479,419	-	7,479,419	-
Internal balances	7,944,210	(7,944,210)	-	-
Inventories	-	-	-	142,574
Other assets	8,070,355	2,507	8,072,862	483,543
Investments	-	-	-	10,500
Restricted cash and cash equivalents	61,591,029	1,009,378	62,600,407	2,501,946
Investment in joint venture	183,876,297	-	183,876,297	-
Capital assets (net of accumulated depreciation):				
Land	6,176,214	-	6,176,214	8,873,485
Construction in progress	4,496,907	-	4,496,907	-
Land improvements	9,135,646	-	9,135,646	2,122,122
Buildings and improvements	107,321,516	8,307,796	115,629,312	20,555,498
Equipment	26,051,547	2,393,020	28,444,567	21,036,798
Infrastructure	19,438,349	-	19,438,349	-
Net pension asset	23,812,238	12,266,911	36,079,149	-
<b>Total assets</b>	<b>638,006,652</b>	<b>45,015,722</b>	<b>683,022,374</b>	<b>74,034,267</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - other post-employment benefit liability	21,655,837	-	21,655,837	-
Deferred outflows of resources - pension	12,068,708	6,217,213	18,285,921	639,407
<b>Total deferred outflows of resources</b>	<b>33,724,545</b>	<b>6,217,213</b>	<b>39,941,758</b>	<b>639,407</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 671,731,197</b>	<b>\$ 51,232,935</b>	<b>\$ 722,964,132</b>	<b>\$ 74,673,674</b>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 42,341,862	\$ 5,340,049	\$ 47,681,911	\$ 4,021,052
Accrued interest payable	1,175,600	-	1,175,600	-
Other liabilities	38,275,335	-	38,275,335	-
Due to primary government	-	-	-	7,479,419
Unearned revenue	45,371,915	2,094,241	47,466,156	75,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	17,435,945	3,669,055	21,105,000	518,000
Claims payable	2,914,665	-	2,914,665	-
Due in more than one year:				
Bonds and notes payable	262,547,760	21,736,601	284,284,361	7,372,000
Claims payable	2,538,381	-	2,538,381	-
Net other post-employment benefit liability	454,668,067	-	454,668,067	-
Net pension liability	-	-	-	701,101
Accrued closure costs	-	-	-	18,060,763
<b>Total liabilities</b>	<b>867,269,530</b>	<b>32,839,946</b>	<b>900,109,476</b>	<b>38,227,335</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - other post-employment benefit liability	45,976,566	-	45,976,566	-
Deferred inflows of resources - pension	22,348,828	11,513,033	33,861,861	126,962
<b>Total deferred inflows of resources</b>	<b>68,325,394</b>	<b>11,513,033</b>	<b>79,838,427</b>	<b>126,962</b>
<b>Net Position</b>				
Net investment in capital assets	(39,794,669)	(2,437,929)	(42,232,598)	43,673,704
Restricted for:				
Highways and streets	769,628	-	769,628	-
Infrastructure	-	-	-	-
Library	493,311	-	493,311	-
Community development	4,680,925	-	4,680,925	-
Title IV D program	825,841	-	825,841	-
Capital projects	19,487	-	19,487	-
Economic development	-	-	-	441,642
Solid waste	-	-	-	2,000,000
Unrestricted	(230,858,250)	9,317,885	(221,540,365)	(9,795,969)
<b>Total net position</b>	<b>(263,863,727)</b>	<b>6,879,956</b>	<b>(256,983,771)</b>	<b>36,319,377</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 671,731,197</b>	<b>\$ 51,232,935</b>	<b>\$ 722,964,132</b>	<b>\$ 74,673,674</b>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities  
Year Ended December 31, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	
Expenses							
<b>Functions/Programs</b>							
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 158,826,027	\$ 17,693,475	\$ 46,465,454	\$ 657,530	\$ (94,009,568)	\$ -	\$ (94,009,568)
Judicial	46,108,527	6,454,685	21,662,192	-	(17,991,650)	-	(17,991,650)
Corrections	73,639,684	7,185,008	804,864	-	(65,649,812)	-	(65,649,812)
Health and human services	301,734,417	-	291,877,113	-	(9,857,304)	-	(9,857,304)
Highways, streets and bridges	2,767,966	-	717,665	1,533,222	(517,079)	-	(517,079)
Interest on long-term debt	4,631,463	-	-	-	(4,631,463)	-	(4,631,463)
Total governmental activities	587,708,084	31,333,168	361,527,288	2,190,752	(192,656,876)	-	(192,656,876)
Business-type activity, Geriatric Center	72,633,211	67,464,800	-	-	-	(5,168,411)	(5,168,411)
Total primary government	\$ 660,341,295	\$ 98,797,968	\$ 361,527,288	\$ 2,190,752	(192,656,876)	(5,168,411)	(197,825,287)
<b>Component Units</b>							
Solid Waste Authority	\$ 43,169,827	\$ 37,011,762	\$ 107,107	\$ -	-	-	\$ (6,050,958)
Economic Development	711,501	174,149	658,650	-	-	-	121,298
Waterfront Industrial Development Authority	978,833	-	-	-	-	-	(978,833)
Redevelopment Authority	9,141,762	-	8,901,159	-	-	-	(240,603)
Total component units	\$ 54,001,923	\$ 37,185,911	\$ 9,666,916	\$ -	-	-	(7,149,096)
<b>General Revenues</b>							
Property taxes				176,945,069	-	176,945,069	-
Gaming revenue				7,815,230	-	7,815,230	-
Grants and charges not restricted to specific programs				2,011,525	-	2,011,525	-
Other revenues (expenses)				-	1,198,178	1,198,178	(13,591)
Unrestricted investment earnings				2,200,022	29,928	2,229,950	54,884
<b>Transfers</b>				(2,903,233)	2,903,233	-	-
Total general revenues and transfers				186,068,613	4,131,339	190,199,952	41,293
Change in net position				(6,588,263)	(1,037,072)	(7,625,335)	(7,107,803)
<b>Net Position, Beginning</b>				(257,275,464)	7,917,028	(249,358,436)	43,427,180
<b>Net Position, Ending</b>				\$ (263,863,727)	\$ 6,879,956	\$ (256,983,771)	\$ 36,319,377

County of Delaware, Pennsylvania

Balance Sheet  
 Governmental Funds  
 December 31, 2018

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 83,648,942	\$ 121,148	\$ 13,142,851	\$ 15,388,873	\$ 112,301,814
Receivables:					
Taxes	7,438,546	-	-	-	7,438,546
Accounts	3,211,205	-	-	-	3,211,205
Grants	4,615,505	-	21,377,580	9,598,631	35,591,716
Notes	-	-	-	2,596,527	2,596,527
Other	128,410	-	-	-	128,410
Due from component units	2,004,419	5,475,000	-	-	7,479,419
Due from other funds	61,499,015	-	27,266,001	13,423,319	102,188,335
Restricted cash and cash equivalents	2,336,493	50,255,708	4,595,477	4,403,351	61,591,029
Other assets	1,167,321	-	3,290,619	95,614	4,553,554
	<u>\$ 166,049,856</u>	<u>\$ 55,851,856</u>	<u>\$ 69,672,528</u>	<u>\$ 45,506,315</u>	<u>\$ 337,080,555</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Vouchers and accounts payable	\$ 14,697,113	\$ 2,401,396	\$ 21,837,671	\$ 3,405,682	\$ 42,341,862
Payroll payable	11,437,471	-	-	-	11,437,471
Payable from restricted assets	138,487	-	-	-	138,487
Due to other funds	47,406,134	10,185,866	16,543,307	16,366,037	90,501,344
Unearned revenues	2,180,775	-	25,157,847	18,033,293	45,371,915
Other liabilities	18,251,583	-	6,133,703	1,757,439	26,142,725
	<u>94,111,563</u>	<u>12,587,262</u>	<u>69,672,528</u>	<u>39,562,451</u>	<u>215,933,804</u>
Deferred inflows of resources, Unavailable revenues - taxes	5,982,185	-	-	-	5,982,185
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Prepaid items	1,167,321	-	-	-	1,167,321
<b>Restricted for:</b>					
Highways and streets	-	-	-	769,628	769,628
Library	-	-	-	493,311	493,311
Community development	-	-	-	4,680,925	4,680,925
Title IV D program	825,841	-	-	-	825,841
Capital projects	-	43,143,890	-	-	43,143,890
<b>Assigned to:</b>					
Capital projects	-	120,704	-	-	120,704
Debt service costs	15,000,000	-	-	-	15,000,000
Employee healthcare costs	15,000,000	-	-	-	15,000,000
Unassigned	33,962,946	-	-	-	33,962,946
	<u>65,956,108</u>	<u>43,264,594</u>	<u>-</u>	<u>5,943,864</u>	<u>115,164,566</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 166,049,856</u>	<u>\$ 55,851,856</u>	<u>\$ 69,672,528</u>	<u>\$ 45,506,315</u>	<u>\$ 337,080,555</u>

## County of Delaware, Pennsylvania

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position  
December 31, 2018

Amounts reported for governmental activities in the statement of net position  
(page 28) are different because:

Total fund balance - total governmental funds (page 30)	\$ 115,164,566
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	356,496,476
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	5,982,185
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	5,823,930
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(158,249)
Accrued interest payable included on the statement of net position	(1,175,600)
Long-term assets and liabilities, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds and notes payable	(279,983,705)
Net other post-employment benefit liability	(454,668,067)
Net pension asset	23,812,238
Pension and other post-employment benefit liability related deferred outflow of resources and deferred inflow of resources are not due and payable in the current year and, therefore, are not reported in the funds:	
Deferred outflows related to the other post-employment benefit liability	21,655,837
Deferred outflows related to the net pension liability	12,068,708
Deferred inflows related to the other post-employment benefit liability	(45,976,566)
Deferred inflows related to the net pension liability	(22,348,828)
Accrued compensatory time included in other liabilities on the statement of net position	<u>(556,652)</u>
Net position of governmental activities (page 28)	<u><u>\$ (263,863,727)</u></u>

**County of Delaware, Pennsylvania**

 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2018

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Real estate taxes	\$ 177,034,412	\$ -	\$ -	\$ -	\$ 177,034,412
Gaming revenue	7,815,230	-	-	-	7,815,230
Licenses and permits	26,083	-	-	-	26,083
General grants	23,707,796	317,930	-	48,410,989	72,436,715
Charges for services, fines and forfeits	21,655,562	-	-	-	21,655,562
Investment earnings	1,811,675	113,181	-	-	1,924,856
Health and human service grants	-	-	291,877,113	-	291,877,113
Other	11,508,192	-	-	-	11,508,192
<b>Total revenues</b>	<b>243,558,950</b>	<b>431,111</b>	<b>291,877,113</b>	<b>48,410,989</b>	<b>584,278,163</b>
<b>Expenditures</b>					
Current:					
General government	24,591,607	-	-	-	24,591,607
Judicial	46,108,527	-	-	-	46,108,527
Corrections	71,367,594	-	-	-	71,367,594
Transportation	8,161,720	-	-	-	8,161,720
Health and human services	-	-	298,800,114	-	298,800,114
Highways, streets and bridges	-	-	-	2,530,329	2,530,329
Other	43,596,337	-	-	48,190,703	91,787,040
Debt service:					
Principal	16,987,090	-	-	-	16,987,090
Interest	6,389,651	-	-	-	6,389,651
Capital outlay	-	13,753,928	-	-	13,753,928
<b>Total expenditures</b>	<b>217,202,526</b>	<b>13,753,928</b>	<b>298,800,114</b>	<b>50,721,032</b>	<b>580,477,600</b>
Excess (deficiency) of revenues over (under) expenditures	26,356,424	(13,322,817)	(6,923,001)	(2,310,043)	3,800,563
<b>Other Financing Sources (Uses)</b>					
Bond proceeds	-	40,000,000	-	-	40,000,000
Transfers in	540,000	1,807,791	13,846,001	4,598,977	20,792,769
Transfers out	(16,233,002)	-	(6,923,000)	(540,000)	(23,696,002)
<b>Total other financing sources (uses)</b>	<b>(15,693,002)</b>	<b>41,807,791</b>	<b>6,923,001</b>	<b>4,058,977</b>	<b>37,096,767</b>
Net change in fund balances	10,663,422	28,484,974	-	1,748,934	40,897,330
<b>Fund Balance, Beginning</b>	<b>55,292,686</b>	<b>14,779,620</b>	<b>-</b>	<b>4,194,930</b>	<b>74,267,236</b>
<b>Fund Balance, Ending</b>	<b>\$ 65,956,108</b>	<b>\$ 43,264,594</b>	<b>\$ -</b>	<b>\$ 5,943,864</b>	<b>\$ 115,164,566</b>

## 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, 2018

Amounts reported for governmental activities in the statement of activities  
(page 29) are different because:

Net change in fund balances - total governmental funds (page 32)	\$ 40,897,330
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	10,541,087
Loss on disposal of capital assets	(1,702,133)
Depreciation expense	<u>(10,311,986)</u>
	(1,473,032)
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	
Net investment in joint venture	(5,071,612)
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	
	(733,494)
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	
	(165,767)
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	
	(2,013,139)
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 transaction, 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, 2018 are as follows:	
Proceeds from issuance of long-term debt	(40,000,000)
Scheduled principal payments on long-term debt made in 2018	16,987,090
Allocation of debt to business type activity for capital assets	1,931,123
Accretion of bond and note premiums	<u>1,708,532</u>
	(19,373,255)
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.	
	49,656
Other post-employment benefit expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds	
	(18,955,978)
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	
	163,529
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	
	644,151
Compensatory time is reported in the statement of net position within other liabilities but does not require the use of current financial resources. Therefore, compensatory is not reported as expenditures in governmental funds. The net change in compensatory time liability is recorded in the statement of activities.	
	<u>(556,652)</u>
Change in net position of governmental activities (page 29)	<u>\$ (6,588,263)</u>

## County of Delaware, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual Comparison - General Fund  
Year Ended December 31, 2018

	General Fund		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Real estate taxes	\$ 172,721,000	\$ 172,721,000	\$ 177,034,412	\$ 4,313,412
Gaming revenue	8,100,000	8,100,000	7,815,230	(284,770)
Licenses and permits	37,000	37,000	26,083	(10,917)
General grants	28,687,000	28,687,000	23,707,796	(4,979,204)
Charges for services, fines and forfeits	23,837,000	23,837,000	21,655,562	(2,181,438)
Investment earnings	555,000	555,000	1,811,675	1,256,675
Other	9,492,000	9,492,000	11,508,192	2,016,192
Total revenues	243,429,000	243,429,000	243,558,950	129,950
<b>Expenditures</b>				
Current:				
General government	28,082,000	28,114,000	24,591,607	3,522,393
Judicial	57,254,000	57,254,000	46,108,527	11,145,473
Corrections	74,484,000	74,484,000	71,367,594	3,116,406
Transportation	8,165,000	8,165,000	8,161,720	3,280
Other	58,128,000	53,839,000	43,596,337	10,242,663
Debt service:				
Principal	20,543,000	16,987,000	16,987,090	(90)
Interest	7,533,000	6,390,000	6,389,651	349
Total debt service	28,076,000	23,377,000	23,376,741	259
Total expenditures	254,189,000	245,233,000	217,202,526	28,030,474
Excess of revenues over (under) expenditures	(10,760,000)	(1,804,000)	26,356,424	28,160,424
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,641,000	2,942,000	540,000	(2,402,000)
Transfers out	(14,710,000)	(18,967,000)	(16,233,002)	2,733,998
Total other financing uses, net	(7,069,000)	(16,025,000)	(15,693,002)	331,998
Net change in fund balance	(17,829,000)	(17,829,000)	10,663,422	28,492,422
<b>Fund Balance, Beginning</b>	48,353,260	48,353,260	55,292,686	6,939,426
<b>Fund Balance, Ending</b>	\$ 30,524,260	\$ 30,524,260	\$ 65,956,108	\$ 35,431,848

See notes to financial statements



**County of Delaware, Pennsylvania**

## Statement of Net Position

Proprietary Funds

December 31, 2018

	<b>Business-Type Activity Geriatric Care</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets and Deferred Outflows</b>		
Current assets:		
Cash and cash equivalents	\$ 7,824,867	\$ 5,679,026
Accounts receivable, net	21,155,453	-
Due from other funds	-	647,618
Restricted cash and cash equivalents	1,009,378	-
Prepaid expense and other assets	2,507	3,516,801
Total current assets	<u>29,992,205</u>	<u>9,843,445</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Buildings and improvements	8,307,796	-
Equipment	2,393,020	-
Net pension asset	12,266,911	-
Total noncurrent assets:	22,967,727	-
<b>Deferred Outflows of Resources - Pension</b>	<u>6,217,213</u>	<u>-</u>
Total assets and deferred outflow	<u>\$ 59,177,145</u>	<u>\$ 9,843,445</u>
<b>Liabilities</b>		
Current liabilities:		
Vouchers and accounts payable	\$ 5,340,049	\$ -
Unearned revenue	2,094,241	-
Due to other funds	7,944,210	4,390,399
Claims payable	-	2,914,665
General obligation bonds and notes - current	3,669,055	-
Total current liabilities	<u>19,047,555</u>	<u>7,305,064</u>
Noncurrent liabilities:		
General obligation bonds and notes payable	21,736,601	-
Claims payable	-	2,538,381
Total noncurrent liabilities	<u>21,736,601</u>	<u>2,538,381</u>
Total liabilities	<u>40,784,156</u>	<u>9,843,445</u>
<b>Deferred Inflows of Resources - Pension</b>	<u>11,513,033</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	(2,437,929)	-
Unrestricted	9,317,885	-
Total net position	<u>6,879,956</u>	<u>-</u>
Total liabilities, deferred inflow and net position	<u>\$ 59,177,145</u>	<u>\$ 9,843,445</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, 2018

	<b>Business-Type Activity Geriatric Care</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating Revenues</b>		
Charges for services	\$ 67,464,800	\$ 49,722,581
<b>Operating Expenses</b>		
Administration	12,292,310	45,853
Operation, maintenance and housekeeping	11,277,253	-
Nursing	20,685,581	-
Dietary	7,226,350	-
Medical and physical therapy	5,534,817	-
Employee benefits	12,949,682	-
Insurance claims	-	49,696,183
Depreciation	1,626,368	-
Total operating expenses	71,592,361	49,742,036
Operating income (loss)	(4,127,561)	(19,455)
<b>Nonoperating Revenues (Expenses)</b>		
Investment earnings	29,928	19,455
Miscellaneous revenues	1,198,178	-
Interest expense	(1,040,850)	-
Total nonoperating revenues, net	187,256	19,455
<b>Transfers In</b>	2,903,233	-
Change in net position	(1,037,072)	-
<b>Net Position, Beginning</b>	7,917,028	-
<b>Net Position, Ending</b>	\$ 6,879,956	\$ -

See notes to financial statements

## County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2018

	<b>Business-Type Activity Geriatric Care</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 72,965,397	\$ 53,273,955
Payments to suppliers	(28,386,296)	(51,737,157)
Payments to employees for services	(33,308,886)	-
	<u>11,270,215</u>	<u>1,536,798</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisitions of capital assets	(1,938,628)	-
Proceeds of debt for purchase of capital assets	1,938,628	-
Principal paid on capital debt	(3,563,414)	-
Interest paid on capital debt	(1,422,072)	-
	<u>(4,985,486)</u>	<u>-</u>
Net cash used in capital and related financing activities		
<b>Cash Flows Provided by Investing Activities</b>		
Interest received	29,928	19,455
	<u>29,928</u>	<u>19,455</u>
Net increase in cash and cash equivalents	6,314,657	1,556,253
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,510,210</u>	<u>4,122,773</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 7,824,867</u>	<u>\$ 5,679,026</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (4,127,561)	\$ (19,455)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,626,368	-
Non-operating receipts from customers	1,198,178	-
Transfer in from General Fund	2,903,233	-
Decrease in accounts receivable	3,153,460	-
Decrease (increase) in prepaid expense and other assets	(1,444)	(1,226,710)
Increase in net pension asset and deferred outflows	1,037,072	-
Increase in due to other funds	4,082,806	3,551,374
Decrease in vouchers and accounts payable	(696,138)	-
Increase in unearned revenue	2,094,241	-
Decrease in claims payable	-	(768,411)
	<u>15,397,776</u>	<u>1,556,253</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 11,270,215</u>	<u>\$ 1,536,798</u>

See notes to financial statements

## County of Delaware, Pennsylvania

### Statement of Fiduciary Net Position

#### Fiduciary Funds

December 31, 2018

	<b>Pension Trust Fund</b>	<b>Deshong Private- Purpose Trust Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 30,542,268	\$ 40,514
Interest receivable	1,349,455	-
Investments, at fair value:		
U.S. government securities	49,986,812	-
Corporate bonds	60,069,913	-
Common and preferred stocks and stock funds	289,724,029	-
Guaranteed investment contracts	37,762,707	-
Annuity contracts	3,324,239	-
Asset-backed securities	142,448	-
Municipal bonds	5,047,017	-
Total investments	446,057,165	-
Total assets	477,948,888	40,514
<b>Liabilities</b>		
Accounts payable and other liabilities	289,209	279
<b>Net Position</b>		
Net position restricted for pensions and other	\$ 477,659,679	\$ 40,235

See notes to financial statements

## County of Delaware, Pennsylvania

### Statement of Changes in Fiduciary Net Position

#### Fiduciary Funds

Year Ended December 31, 2018

	<b>Pension Trust Fund</b>	<b>Deshong Private- Purpose Trust Fund</b>
<b>Additions</b>		
Contributions:		
Plan members	\$ 10,798,327	\$ -
County	1,527,490	-
Total contributions	<u>12,325,817</u>	<u>-</u>
Investment earnings:		
Interest and dividends	11,207,146	80
Net depreciation in fair value of investments	(46,091,558)	-
Less investment expense	<u>(1,824,817)</u>	<u>-</u>
Net investment loss	<u>(36,709,229)</u>	<u>80</u>
Total additions, net	<u>(24,383,412)</u>	<u>80</u>
<b>Deductions</b>		
Death benefits	1,857,098	-
Refunds of contributions	2,291,936	-
Administrative expenses	-	9,312
Retirement allowance	<u>25,139,869</u>	<u>-</u>
Total deductions	<u>29,288,903</u>	<u>9,312</u>
Net decrease in net position	(53,672,315)	(9,232)
<b>Net Position, Restricted for Pensions and Other, Beginning</b>	<u>531,331,994</u>	<u>49,467</u>
<b>Net Position, Restricted for Pensions and Other, Ending</b>	<u>\$ 477,659,679</u>	<u>\$ 40,235</u>

See notes to financial statements

# County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2018

## 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

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Notes to Financial Statements  
December 31, 2018

## 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 is 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

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Notes to Financial Statements

December 31, 2018

The County's Fiduciary Funds account 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, 2018

## 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 \$158,249 at December 31, 2018.

## 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, 2018, 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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.

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

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

# County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

## **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.

## **Compensatory Time**

County employees have the opportunity to accrue compensatory time in lieu of overtime based upon their employment contract. Upon separation of employment from the County, the employee is paid out the balance of compensatory time at the hourly rate of pay as of the date of separation.

## **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, 2018, are recorded as unearned revenue on the governmental fund financial statements.

## **Deferred Outflows/Inflows of Resources**

A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets; however, the actual outflow of resources (net decrease in assets or net increase in liabilities) was incurred in a prior period, and the outflow of resources is applicable to a later period.

In the government-wide financial statements, the County reports the unamortized balance of differences in expected and actual expense related to the net other post-employment benefit liability and the net pension liability and the pension contributions made subsequent to the measurement date as deferred outflow of resources.

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position, similar to liabilities; however, the actual inflow of resources (net increase in assets or net decrease in liabilities) was incurred in a prior period, and the inflow of resources is applicable to a later period.

Under the modified accrual basis of accounting, 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 that qualifies for reporting in this category. In the government-wide financial statements, the County reports the differences between expected and actual experience related to the net pension liability.

# County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

## 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, 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.

## County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

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.

# County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

## 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.

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.

## County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2018

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 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Delaware County Chester Waterfront  
Industrial Development Authority  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063

# County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

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

<b>Condensed Statement of Net Position</b>					
<b>December 31, 2018</b>					
	<b>Solid Waste Authority</b>	<b>Economic Development Oversight Board</b>	<b>Waterfront Industrial Development Authority</b>	<b>Redevelopment Authority</b>	<b>Totals</b>
<b>Assets:</b>					
Current assets	\$ 13,700,905	\$ 1,332,350	\$ 63,182	\$ 4,339,427	\$ 19,435,864
Long-term assets	2,010,500	-	-	-	2,010,500
Capital assets, net	30,158,920	-	21,404,784	1,024,199	52,587,903
<b>Total assets</b>	<b>45,870,325</b>	<b>1,332,350</b>	<b>21,467,966</b>	<b>5,363,626</b>	<b>74,034,267</b>
Deferred outflows of resources	639,407	-	-	-	639,407
<b>Total</b>	<b>\$ 46,509,732</b>	<b>\$ 1,332,350</b>	<b>\$ 21,467,966</b>	<b>\$ 5,363,626</b>	<b>\$ 74,673,674</b>
<b>Liabilities:</b>					
Current liabilities	\$ 4,336,218	\$ 95,948	\$ -	\$ 186,305	\$ 4,618,471
Long-term liabilities	26,133,864	-	-	-	26,133,864
Due to primary government	7,475,000	-	-	-	7,475,000
<b>Total liabilities</b>	<b>37,945,082</b>	<b>95,948</b>	<b>-</b>	<b>186,305</b>	<b>38,227,335</b>
Deferred inflows of resources	126,962	-	-	-	126,962
<b>Net position:</b>					
Net investment in capital assets	22,268,920	-	21,404,784	-	43,673,704
Restricted	2,000,000	441,642	-	-	2,441,642
Unrestricted	(15,831,232)	794,760	63,182	5,177,321	(9,795,969)
<b>Total net position</b>	<b>8,437,688</b>	<b>1,236,402</b>	<b>21,467,966</b>	<b>5,177,321</b>	<b>36,319,377</b>
<b>Total</b>	<b>\$ 46,509,732</b>	<b>\$ 1,332,350</b>	<b>\$ 21,467,966</b>	<b>\$ 5,363,626</b>	<b>\$ 74,673,674</b>

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

<b>Condensed Statement of Activities</b>					
<b>For the Year Ended December 31, 2018</b>					
	<b>Solid Waste Authority</b>	<b>Economic Development Oversight Board</b>	<b>Waterfront Industrial Development Authority</b>	<b>Redevelopment Authority</b>	<b>Totals</b>
<b>Program revenues:</b>					
Charges for services	\$ 37,011,762	\$ 174,149	\$ -	\$ -	\$ 37,185,911
Operating grants and contributions	107,107	658,650	-	8,901,159	9,666,916
<b>Total</b>	<b>37,118,869</b>	<b>832,799</b>	<b>-</b>	<b>8,901,159</b>	<b>46,852,827</b>
<b>Expenses:</b>					
Operating expenses	43,169,827	711,501	-	9,141,762	53,040,465
Depreciation and depletion	-	-	978,833	-	978,833
<b>Total</b>	<b>43,169,827</b>	<b>711,501</b>	<b>978,833</b>	<b>9,141,762</b>	<b>54,019,298</b>
<b>Net expense</b>	<b>(6,050,958)</b>	<b>121,298</b>	<b>(978,833)</b>	<b>(240,603)</b>	<b>(7,149,096)</b>
<b>General revenues(expense)</b>	<b>6,652</b>	<b>18,346</b>	<b>1,170</b>	<b>15,125</b>	<b>41,293</b>
<b>Change in net position</b>	<b>(6,044,306)</b>	<b>139,644</b>	<b>(977,633)</b>	<b>(225,478)</b>	<b>(7,107,803)</b>
<b>Net position, beginning</b>	<b>14,481,994</b>	<b>1,096,758</b>	<b>22,445,629</b>	<b>5,402,799</b>	<b>43,427,180</b>
<b>Net position, ending</b>	<b>\$ 8,437,688</b>	<b>\$ 1,236,402</b>	<b>\$ 21,467,966</b>	<b>\$ 5,177,321</b>	<b>\$ 36,319,377</b>

### 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 measurement 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. Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

##### 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 percent, plus administrative fees of 10 percent and a contingency charge of \$1,369,361 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. In 2014, the Authority obtained a surety bond amounting to \$20,390,083 to cover post closure costs. In addition, the Authority has deposited \$2,000,000 in an escrow account, which serves as collateral and is held in an interest bearing account by the Surety Company. This amount is reflected as restricted cash on the statement of net position as of December 31, 2018.

Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$18,060,763 and \$447,944 was charged against income in 2018. The estimated closure and post closure costs total \$22,360,208, comprised of \$4,869,201 of closure costs and \$17,491,007 of post closure costs. At December 31, 2018, there remains \$5,391,367 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

## County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2018

### **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.

The DCSWA capitalizes assets in excess of \$2,000.

### **Covanta Delaware Valley, LP - Revenue and Expense**

As of May 15, 2017, the Authority signed an amended and restated service agreement with Covanta Delaware Valley, LP ("Covanta"). The County, through the DCSWA, is obligated to deliver County waste to the Covanta facility, and Covanta is required, in turn, to pay to the DCSWA landfill host community fees for process residue. Further, Covanta pays to the DCSWA disposal fees for non-County waste. Unless otherwise agreed in writing, the DCSWA shall not deliver greater than 370,000 tons of acceptable waste, 37,000 tons in each billing period or 2,500 tons each day. Covanta has no obligation to accept any excess waste of the maximums noted. If Covanta accepts excess waste, then existing additional fees shall apply. For cash management purposes, the two parties have agreed that the party owing the net balance shall pay to the order of the other party the statement balance within 30 days. During 2018, the DCSWA paid to Covanta \$13,932,499, which included insurance costs, for its County waste deliveries. Covanta paid to the DCSWA \$7,602,534 in residue charges.

### **Concentrations**

The DCSWA derived 21 percent of its operating revenue from Covanta.

### **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. 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 a diversified portfolio including domestic and international equities, fixed income securities, and cash and cash equivalents. The policy prohibits investments in letter stock or other unregistered securities, commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities), derivatives, options, or futures.

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 percent 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 percent of those outstanding. Not more than 25 percent 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.

## County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2018

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 percent 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 percent 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 of 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, 2018, cash and cash equivalents consists of cash on hand of \$18,100, deposits with financial institutions of \$188,428,528 and cash equivalents of \$30,542,268 held in uninsured investment funds. At December 31, 2018, the carrying amount of deposits with financial institutions and the bank balance was \$188,428,528 and \$205,026,535 respectively. The differences were caused primarily by items in transit.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 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, 2018, \$898,046 of the County's bank balance was insured by the Federal Deposit Insurance Corporation ("FDIC"). The remaining balance of \$204,128,489 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2018, 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	<u>\$ 204,128,489</u>
--	-----------------------

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, 2018, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture, of \$446,057,165 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, 2018, the international equity fund represented approximately 17.2 percent of the total portfolio.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

The following is the carrying value (fair value) of deposits and investments at December 31, 2018:

	<b>S&amp;P Rating</b> <sup>(1)(2)</sup>	<b>Duration (Range)</b> <sup>(1)</sup>	<b>Fair Value</b>
Cash and cash equivalents	N/A	N/A	\$ 218,988,896
Investments:			
U.S. government and agencies	AA+	1.29-3.91	1,620,603
	N/A	0-11.32	48,366,209
Corporate bonds	A-	0.31-4.99	13,524,880
	AA-	0.31-4.17	5,759,155
	A	0.39-5.15	8,299,586
	BBB+	0.35-5.04	10,361,704
	A+	0.31-4.14	5,622,549
	BBB	0.29-4.18	9,717,211
	AAA	0.31-3.38	372,559
	AA	0.31-0.87	694,739
	AA+	0.94-5.11	3,995,364
	BBB-	0.53-1.56	1,658,382
	N/A	0	63,784
Stocks	N/A	N/A	289,724,029
Guaranteed investment contracts	N/A	N/A	37,762,707
Annuity	N/A	N/A	3,324,239
Asset-backed securities	AAA	0.60	83,001
	N/A	0.40	59,447
Municipal bonds	A+	1.17-1.75	317,047
	AA	0.55-6.1	3,093,959
	AA-	1.37-3.46	358,159
	AA+	0.42-4.46	689,902
	AAA	0.1-1.71	386,892
	N/A	0.96-1.76	201,058
			<u>446,057,165</u>
Total investments in pension trust fund			446,057,165
Total			<u>\$ 665,046,061</u>

(1) N/A - not applicable

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 5. 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, 2018:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Governmental Activities	\$ 117,980,840	\$ 61,591,029	\$ -	\$ 179,571,869
Business-Type Activity	7,824,867	1,009,378	-	8,834,245
Pension Trust Fund	30,542,268	-	446,057,165	476,599,433
Deshong Private-Purpose Trust Fund	40,514	-	-	40,514
Total cash and cash equivalent and investments	<u>\$ 156,388,489</u>	<u>\$ 62,600,407</u>	<u>\$ 446,057,165</u>	<u>\$ 665,046,061</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, 2018:

	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 218,988,897	\$ 218,988,897	\$ 218,988,897	\$ -	\$ -	\$ 218,988,897
Common stock	289,724,029	289,724,029	289,724,029	-	-	289,724,029
Fixed income	115,246,190	115,246,190	115,246,190	-	-	115,246,190
Annuity contract	3,324,239	-	-	-	3,324,239	3,324,239
Guaranteed investment contracts	37,762,707	-	-	-	37,762,707	37,762,707
Total	<u>\$ 665,046,061</u>	<u>\$ 623,959,116</u>	<u>\$ 623,959,116</u>	<u>\$ -</u>	<u>\$ 41,086,946</u>	<u>\$ 665,046,061</u>

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).

## County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2018

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, 2018, 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, 2018, 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.

### 6. Component Units - Deposits, Investments and Fair Value

#### Solid Waste Authority

On December 31, 2018, the DCSWA held \$8,842,919 in unrestricted cash and cash equivalents.

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 \$2,000,000, which is included in restricted cash as of December 31, 2018. Per terms of the surety bond, the collateral deposit is protected from custodial credit risk.

At December 31, 2018, the DCSWA's investments consist solely of certificates of deposit totaling \$10,500, which were all deemed to be Level 1 investments. The certificates of deposits were valued based on the stated value of the certificates plus accrued interest, which was calculated based on stated interest rates and dates of maturity.



## County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

### **Economic Development Oversight Board**

On December 31, 2018, the total carrying amount of EDOB's checking and savings deposits was \$769,053, and the corresponding bank balance was \$771,172.

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, 2018, the IDA held \$63,182 in cash and cash equivalents and a corresponding bank balance of \$63,182.

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, 2018, the total carrying amount of RDA's checking, savings and escrow deposits was \$4,300,644 and the corresponding bank balance was \$4,308,734.

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.

## **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 percent discount February 1 through April 1; face amount April 2 through June 1; and 10 percent penalty after June 2. The County bills and collects its own property taxes. 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 \$158,249 as of December 31, 2018, 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, 2018, the millage rate was 5.604 mills on each dollar of assessed valuation, or the sum of \$.5604 on each one hundred dollars of assessed valuation..

## County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

### 8. Other Receivables

Other receivables of \$5,952,340 in the governmental activities consist of amounts due from the City of Chester of \$5,823,930 (Note 27) and various other receivables of \$128,410.

### 9. Accounts and Grants Receivable, Net

Business-type activity net accounts receivable of \$21,155,453 consists of amounts due from the Commonwealth of Pennsylvania Department of Human Service Medical Assistance of \$7,473,547; Private Pay Patients of \$13,238,094; Medicare Part A and B of \$1,666,315 and other patient-related receivables of \$252,752. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$1,475,255 at December 31, 2018.

Governmental activities net accounts receivable of \$3,211,205 consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$1,511,197 and various miscellaneous receivables of \$1,700,008.

Governmental activities net grants receivable of \$35,591,716 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, 2018 are represented by receivables in the amount of \$2,504,326, net of an allowance for doubtful accounts of \$103,514. 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, 2018 totaled \$1,110,878 net of an allowance for doubtful accounts of \$109,525.

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

## 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, 2018, restricted cash and cash equivalents are held for the following:

### Primary government:

District Attorney Escrow Funds representing monies confiscated from arrested individuals, which 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	4,403,351
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	1,387
Capital Project Funds to be utilized for various capital improvement projects as defined in the corresponding note agreements	50,236,221
Capital Project Funds to be utilized for Help America Vote Act Program	18,100
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	4,595,477
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>1,009,378</u>
Total primary government	<u>62,600,407</u>

### Component units:

Delaware County Solid Waste Authority deposited funds with an escrow agent as collateral deposit for surety bond	2,000,000
Delaware County Economic Development Oversight Board maintains restricted cash related to Community Development Block Grant revolving loan fund requirements	498,771
Delaware County Redevelopment Authority deposited funds with an escrow agent	<u>3,175</u>
Total component unit	<u>2,501,946</u>
Total	<u><u>\$ 65,102,353</u></u>

## County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

### 12. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2018	Additions	Reclassifications/ Disposals	December 31, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,176,214	\$ -	\$ -	\$ 6,176,214
Construction in progress	-	4,496,907	-	4,496,907
Total capital assets not being depreciated	6,176,214	4,496,907	-	10,673,121
Capital assets being depreciated:				
Land improvements	22,566,400	9,300	-	22,575,700
Buildings and improvements	235,987,945	354,271	(6,109,367)	230,232,849
Equipment	107,080,543	5,435,975	(243,963)	112,272,555
Infrastructure	24,092,291	244,634	-	24,336,925
Total capital assets being depreciated	389,727,179	6,044,180	(6,353,330)	389,418,029
Less accumulated depreciation for:				
Land improvements	12,581,434	858,620	-	13,440,054
Buildings and improvements	122,522,023	4,800,161	(4,410,851)	122,911,333
Equipment	82,045,786	4,415,568	(240,346)	86,221,008
Infrastructure	4,660,939	237,637	-	4,898,576
Total accumulated depreciation	221,810,182	10,311,986	(4,651,197)	227,470,971
Total capital assets being depreciated, net	167,916,997	(4,267,806)	(1,702,133)	161,947,058
Governmental activities, capital assets, net	\$ 174,093,211	\$ 229,101	\$ (1,702,133)	\$ 172,620,179

# County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

	January 1, 2018	Additions	Reclassifications/ Disposals	December 31, 2018
Business-type activity, Geriatric Center:				
Capital assets being depreciated:				
Buildings and improvements	\$ 53,804,542	\$ 908,216	\$ -	\$ 54,712,758
Equipment	40,285,971	1,030,413	-	41,316,384
Total capital assets being depreciated	94,090,513	1,931,124	-	96,021,637
Less accumulated depreciation for:				
Buildings and improvements	45,809,007	693,780	-	46,502,787
Equipment	37,892,951	932,588	-	38,825,539
Total accumulated depreciation	83,701,958	1,626,368	-	85,328,326
Total capital assets being depreciated, net	10,388,555	312,261	-	10,700,816
Business-type activity, capital assets, net	\$ 10,388,555	\$ 312,261	\$ -	\$ 10,700,816

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,599,279
Corrections	2,272,090
Public ways and facilities, including depreciation of general infrastructure assets	237,637
Health and human service	200,183
Recreation	955,240
Other	47,557
Total	\$ 10,311,986

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 63,888,593
General obligation bonds	276,842,750
General Fund	18,290,830
State grants	18,741,838
Restricted 911 special revenue	22,327,139
Total	\$ 400,091,150

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 13. Component Units - Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2018 was as follows:

	January 1, 2018	Additions	Reclassifications/ Disposals	December 31, 2018
Capital assets not being depreciated, Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Capital assets being depreciated or depleted:				
Landfill	51,135,989	-	-	51,135,989
Machinery and equipment	12,270,806	1,460,142	(1,712,004)	12,018,943
Buildings and structures	13,779,638	256,048	-	14,035,686
Pad construction	73,889,207	1,138,461	-	75,027,665
<b>Total capital assets being depreciated</b>	<b>151,075,640</b>	<b>2,854,651</b>	<b>(1,712,004)</b>	<b>152,218,283</b>
Less accumulated depreciation and depletion for:				
Landfill	48,628,309	385,558	-	49,013,867
Machinery and equipment	9,790,262	680,297	(1,689,520)	8,781,039
Buildings and structures	12,048,333	453,243	-	12,501,576
Pad construction	55,409,000	3,353,885	-	58,762,884
<b>Total accumulated depreciation and depletion</b>	<b>125,875,904</b>	<b>4,872,983</b>	<b>(1,689,520)</b>	<b>129,059,367</b>
<b>Total capital assets being depreciated or depleted, net</b>	<b>25,199,736</b>	<b>(2,018,332)</b>	<b>(22,484)</b>	<b>23,158,916</b>
<b>Capital assets, net</b>	<b>\$ 32,199,736</b>	<b>\$ (2,018,332)</b>	<b>(22,484)</b>	<b>\$ 30,158,920</b>

The capital asset activity for the IDA for the year ended December 31, 2018 was as follows:

	January 1, 2018	Additions	Reclassifications/ Disposals	December 31, 2018
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	7,830,669	978,833	-	8,809,502
<b>Total capital assets being depreciated, net</b>	<b>21,534,331</b>	<b>(978,833)</b>	<b>-</b>	<b>20,555,498</b>
<b>Capital assets, net</b>	<b>\$ 22,383,617</b>	<b>\$ (978,833)</b>	<b>\$ -</b>	<b>\$ 21,404,784</b>

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

## 14. 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 2018, the County's operating budget contribution was \$10,135,834, and capital additions were \$2,004,119. 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 \$7,075,731. Included on the statement of net position is an investment in a joint venture totaling \$183,876,297 at December 31, 2018.

Complete financial statements for SEPTA can be obtained from the administrative offices of SEPTA or at [septa.org/strategic-plan/reports.html](http://septa.org/strategic-plan/reports.html).

## 15. Long-Term Liabilities

### Primary Government

The following is a summary of changes in noncurrent liabilities of the County excluding other post-employment benefit (Note 22) and pension (Note 23) liabilities for the year ended December 31, 2018:

	<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	\$ 260,610,450	\$ 40,000,000	\$ (20,626,745)	\$ 279,983,705	\$ 17,435,945
Liability for claims payable	6,221,458	49,742,036	(50,510,448)	5,453,046	2,914,665
Liability for early retirement incentive	163,529	-	(163,529)	-	-
Governmental activity, Long-term liabilities	<u>\$ 266,995,437</u>	<u>\$ 89,742,036</u>	<u>\$ 71,300,772</u>	<u>\$ 285,436,751</u>	<u>\$ 20,350,610</u>
Business-type activity, Liability for general obligation debt	<u>\$ 27,411,666</u>	<u>\$ 1,931,123</u>	<u>\$ (3,937,134)</u>	<u>\$ 25,405,656</u>	<u>\$ 3,669,055</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.

## County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

### Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Liability for revenue notes payable	\$ 8,391,000	\$ -	\$ (501,000)	\$ 7,890,000	\$ 518,000
Liability for accrued closure costs	<u>17,612,819</u>	<u>447,944</u>	<u>                    </u>	<u>18,060,763</u>	<u>-</u>
Long-term liabilities	<u>\$ 26,003,819</u>	<u>\$ 447,944</u>	<u>\$ (501,000)</u>	<u>\$ 25,950,763</u>	<u>\$ 518,000</u>

### 16. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Outstanding at beginning of the year	\$ 260,610,450	\$ 27,411,666	\$ 288,022,116
Issuance of debt	40,000,000	-	40,000,000
Allocation of debt for capital assets	(1,931,123)	1,931,123	-
Accretion of bond premiums	(1,708,532)	(381,223)	(2,089,755)
Retirements and repayments	<u>(16,987,090)</u>	<u>(3,555,910)</u>	<u>20,543,000</u>
Outstanding at end of year	<u>\$ 279,983,705</u>	<u>\$ 25,405,656</u>	<u>\$ 305,389,361</u>

Total balance includes the premiums of \$4,365,361. Actual debt outstanding was \$301,024,000 at December 31, 2018.

The outstanding balance at December 31, 2018 related to governmental activities of \$279,983,705 includes \$6,739,051 of debt used to fund the capital assets of SEPTA. The following summarizes general obligation debt, by type, outstanding at December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Serial bonds and notes	<u>\$ 273,244,654</u>	<u>\$ 25,405,656</u>	<u>\$ 298,650,310</u>



## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

A summary of general obligation debt outstanding at December 31, 2018 is as follows:

Year of Issue/ Final Maturity	Amount of Original Issue	Purpose	Outstanding at December 31, 2018	Current Portion
1997/2022	\$ 50,000,000	Fund SEPTA projects, building and park improvements, construction of a prison, and various other County projects	\$ 12,432,000	\$ 4,746,000
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	343,000	343,000
2007/2027	26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	14,310,000	40,000
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	23,125,000	700,000
2009/2019	54,750,000	Refund the 1999 General Obligation Note to reduce total debt service	7,395,000	7,395,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	45,145,000	5,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,994,000	1,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,995,000	1,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	45,158,000	2,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,997,000	1,000
2016/2021	49,420,000	Refund the 2005 bond to reduce total debt service	30,910,000	7,870,000
2018/2038	40,000,000	Fund construction and renovations of County buildings, equipment, SEPTA, and open space projects	40,000,000	1,000
Total			<u>\$ 301,024,000</u>	<u>\$ 21,105,000</u>

Interest rates on the above obligations are fixed and variable. Fixed interest rates range 1.39 percent to 5.00 percent. Variable interest rates are limited to a maximum potential variable rate of 15 percent.

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

## County of Delaware, Pennsylvania

### Notes to Financial Statements

December 31, 2018

Amounts due from 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, 2018 is presented below:

	<u>Principal Maturity</u>	<u>Interest Maturity <sup>(1)</sup></u>	<u>Total Principal and Interest Maturities</u>
Years:			
2019	\$ 21,105,000	\$ 8,291,480	\$ 29,396,480
2020	21,520,000	7,648,197	29,168,197
2021	22,146,000	7,032,848	29,178,848
2022	24,366,000	6,223,130	30,589,130
2023	24,991,000	5,677,839	30,668,839
2024-2028	100,795,000	20,538,169	121,333,169
2029-2033	54,194,000	10,705,625	64,899,625
2034-2038	30,217,000	3,430,198	33,647,198
2039	1,690,000	86,613	1,776,613
Total	<u>\$ 301,024,000</u>	<u>\$ 69,334,099</u>	<u>\$ 370,358,099</u>

<sup>(1)</sup> 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 \$7,762,067 for the year ended December 31, 2018.

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 \$ 239,594,000 is outstanding at December 31, 2018.

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.

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.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

As of December 31, 2018, 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	\$ 12,432,000	\$ 1,499,143	\$ 229,656
2002	12,220,000	1,473,578	268,143
2005	343,000	41,361	(110)
2007	14,310,000	1,725,606	(8,880)
2010	45,145,000	5,443,920	442,551
2012	19,994,000	2,411,025	53,160
2013	24,995,000	3,014,083	-
2014	45,158,000	5,445,488	643,732
2015	24,997,000	3,014,324	467,344
2018	40,000,000	4,823,498	(2,434,327)

### 17. Component Unit - Notes Payable

#### 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 were 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 were 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.

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

## County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

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:		
2019	\$ 518,000	\$ 229,176
2020	534,000	213,154
2021	551,000	196,632
2022	568,000	179,586
2023	585,000	161,991
2024-2032	<u>5,134,000</u>	<u>616,203</u>
Total	<u>\$ 7,890,000</u>	<u>\$ 1,596,742</u>

For the year ended December 31, 2018, interest expense amounted to \$242,475.

### 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 \$38,275,335 consists of \$11,994,123 of accrued payroll expenses, \$7,839,638 of accrued expense payable to vendors, \$7,205,780 of internal governmental transfer balance payable on behalf of Fair Acres, \$5,560,478 of refundable deposits held by the Sherriff's Office, Office of Judicial Support, and Recorder of Deeds, \$2,077,314 of delinquent tax settlements payable, \$1,073,208 of fund to be refunded or escheated, and \$2,524,794 of Sherriff's sale proceeds payable to creditors.

### 19. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2018 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 61,499,015	\$ 47,406,134
Capital Projects Fund	-	10,185,866
Health and Human Service Fund	27,266,001	16,543,307
Other Governmental Funds	13,423,319	16,366,037
Proprietary Fund	-	7,944,210
Internal Service Funds	<u>647,618</u>	<u>4,390,399</u>
Total	<u>\$ 102,835,953</u>	<u>\$ 102,835,953</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.

## County of Delaware, Pennsylvania

Notes to Financial Statements  
December 31, 2018

### 20. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component unit (the "DCSWA") at December 31, 2017, activity for 2018, and amounts due at December 31, 2018:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2017	\$ 2,007,387	\$ 5,475,000	\$ 7,482,387
Additions	-	-	-
Repayments	(2,968)	-	(2,968)
Balance, December 31, 2018	<u>\$ 2,004,419</u>	<u>\$ 5,475,000</u>	<u>\$ 7,479,419</u>

The County has made advances to the DCSWA from time to time for operations and or capital purchases and improvements. The amount due from the DCSWA to the County's Capital Project fund of \$5,475,000 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, 2018 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 540,000	\$ 16,233,002
Capital Projects	1,807,791	-
Health and Human Service Fund	13,846,001	6,923,000
Proprietary Fund	2,903,233	-
Other Governmental Funds	4,598,977	540,000
Total	<u>\$ 23,696,002</u>	<u>\$ 23,696,002</u>

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.

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

## 22. Other Post-Employment Benefits

### Plan Description

The Delaware County Health Plan is single-employer plan administered by the County. The Plan is a welfare plan designed to provide hospital, medical-surgical, major medical and prescription benefits to eligible employees and their dependents.

The County pays premiums for medical insurance on behalf of eligible retirees and their dependents. Eligible retirees are defined as individuals who retire with a normal or early pension and who has attained the age of sixty or who has twenty years of service. An eligible employee may also be an individual who has been employed by the County for five years of service and before reaching superannuation retirement age, is disabled while in service and is unable to continue as a County employee. A dependent is defined as a lawful spouse and unmarried children under twenty-seven years of age. Dependent children may be included up through age twenty-six.

The Plan is unfunded and no financial report is prepared. The County expressly reserves the right, in its sole discretion, at any time and from time to time to amend or terminate the existence, amount or nature of a benefit; alter or postpone the conditions for or method of payment of a benefit; amend or rescind a provision of the Plan; merge the Plan with another plan; and terminate the Plan in its entirety. The Plan is authorized and under the control, maintenance and operation of the County.

### Plan Membership

At December 31, 2018, the Plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	1,453
Inactive employees entitled to but not yet receiving benefits	-
Active members	<u>2,654</u>
Total membership	<u><u>4,107</u></u>

### Funding Policy

Plan members do not contribute to the plan; the County pays 100 percent 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.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### Net OPEB Liability of the County

The County net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by and actuarial valuation as of that date.

Total other post-employment benefit liability	\$ 454,668,067
Plan fiduciary net position	<u>-</u>
Net other post-employment benefit liability	<u>\$ 454,668,067</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%

The calculations are based on the types of benefits provided under the terms of the Plan at the time of the valuation. The projection of benefits for financial reporting purposes does not 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.

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018 utilizing the entry age actuarial cost method. The following actuarial assumptions, applied to all periods included in the measurement, were used in determination of the total OPEB liability:

*Inflation* - 2.50 percent

*Salary increase rate* - 3.50 percent per annum

*Healthcare cost trend rates* - the following healthcare cost trend assumptions were applied in 2018 and will reduce by 0.5 percent each year until the ultimate trend rate indicated is reached:

<u>Expense Type</u>	<u>2018 Rate</u>	<u>Ultimate Rate</u>
Pre-Medicare medical and Rx Benefits	7.0%	4.5%
Medicare benefits	6.0%	4.5%
Stop loss fees	7.0%	4.5%
Administrative fees	4.5%	4.5%

*Per capita health claim cost* - the expected annual per capita claim costs were \$11,000 for age 60 and \$4,300 for age 70

*Plan participation percentage* - 100 percent of all employees and their dependents will participate in the Plan

*Mortality rates* - RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis

### Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2018	\$ 485,369,968
Service cost	18,690,090
Interest	17,101,669
Changes of assumptions or other inputs	(52,656,643)
Benefit payments	<u>(13,837,017)</u>
Balance at December 31, 2018	<u>\$ 454,668,067</u>

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
2018 Net OPEB liability	<u>\$ 379,891,000</u>	<u>\$ 454,668,000</u>	<u>\$ 550,739,000</u>

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

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease (5.5% decreasing to 3.5)</u>	<u>Healthcare Cost Trend Rates (6.5% decreasing to 4.5)</u>	<u>1% Increase (7.5% decreasing to 5.5)</u>
2018 Net OPEB liability	<u>\$ 381,205,000</u>	<u>\$ 454,668,000</u>	<u>\$ 551,000,000</u>



## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$32,792,995.

Gains and losses related to the difference between assumptions and actual experience are amortized over a period of 7.9 years starting on January 1, 2017. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in assumptions	<u>\$ 21,655,837</u>	<u>\$ (45,976,566)</u>

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

Years ending December 31:	
2019	\$ (2,998,765)
2020	(2,998,765)
2021	(2,998,765)
2022	(2,998,765)
2023	(2,998,765)
Thereafter	<u>(9,326,904)</u>
Total	<u>\$ (24,320,729)</u>

## 23. 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 full-time 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.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

At January 1, 2017, the measurement date, members of the plan was as follows:

Inactive plan members currently receiving benefits	1,575
Inactive plan members entitled to benefits but not yet receiving them	163
Current employees	<u>2,966</u>
Total membership	<u>4,704</u>
Number of participating employers	<u>1</u>

### 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 three-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 five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25 percent 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 five 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 percent of earnings) to the Plan and employees can elect to contribute up to 17 percent 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 2018, the annual contribution by the County was \$1,527,490 based on the January 1, 2017 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses) compounded annually, (b) projected salary increases of 3.5 percent 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 percent. The actuarial value of assets is calculated using the greater of the market value of assets as of the valuation date or the actuarial value of assets as of the prior valuation date, plus contributions and other deposits (except investment income) minus benefit payments, administrative expenses, or other payments, plus credited interest at 1 percent less than the Plan's assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120 percent and a minimum of 80 percent of the market value of assets as of the valuation date.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 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 2017 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 2017 measurement period are summarized in the above table.

There was a significant change in the net plan fiduciary net position during 2018 due to market performance of plan investments.

### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was 15.27 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension (Asset) Liability

The components of the net pension asset of the Plan as of December 31, 2017 were as follows:

Total pension liability	\$ 495,252,845
Plan fiduciary net position	<u>531,331,994</u>
Plan net pension asset	<u>\$ (36,079,149)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>107.28%</u>

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### Changes in the Net Pension (Asset) Liability

The changes in the County's net pension (asset) liability during the year ended December 31, 2017 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at January 1, 2017	\$ 477,926,499	\$ 472,059,676	\$ 5,866,823
Changes for the year:			
Service cost	15,286,753	-	15,286,753
Interest cost	35,056,767	-	35,056,767
Difference between expected and actual experience	(8,234,316)	-	(8,234,316)
Contributions - employer	-	4,762,155	4,762,155
Contributions - plan member	-	10,584,568	10,584,568
Net investment income	-	68,708,453	68,708,453
Benefit payments, including refunds	(24,782,858)	(24,782,858)	-
Net changes	17,326,346	59,272,318	(41,945,972)
Balances at December 31, 2017	\$ 495,252,845	\$ 531,331,994	\$ (36,079,149)

The schedule of changes in the employer's net pension liability 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, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2017 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 2016 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, 2018

### Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.5 percent. 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 percent 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 percent) or 1 percentage point higher (8.5 percent) 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)	\$ 10,618,227	\$ (36,079,149)	\$ (78,423,646)

### Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2018, the County recognized pension expense of \$29,288,903. At December 31, 2018, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 26,543	\$ -
Net difference between projected and actual earning	16,731,888	(26,921,148)
Changes in assumptions	-	(6,940,713)
Contributions made subsequent to measurement date	1,527,490	-
Total	<u>\$ 18,285,921</u>	<u>\$ (33,861,861)</u>

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

Year ended December 31:	
2018	\$ (124,233)
2019	(124,234)
2020	(7,963,447)
2021	(8,281,564)
2022	(609,951)
Total	<u>\$ (17,103,429)</u>

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 24. 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 2018</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 \$49,787,889, which includes insurance claims of \$49,742,036 and administrative costs of \$45,853. 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 \$353,629 for the fiscal year.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

An analysis of the claims activity is presented as follows:

	<b>2018</b>			
	<b>Balance at Beginning of Year</b>	<b>Current Year Claims and Changes in Estimate</b>	<b>Actual Claim Payments</b>	<b>Balance at End of Year</b>
Self-Insured Health Insurance Fund	\$ 4,476,450	\$ 42,311,276	\$ 43,873,061	\$ 2,914,665
Self-Insured Workers' Compensation Fund	1,313,393	1,165,824	447,391	2,031,826
Self-Insured Casualty/Liability Fund	431,615	6,264,936	6,189,996	506,555
Total	<u>\$ 6,221,458</u>	<u>\$ 49,742,036</u>	<u>\$ 50,510,448</u>	<u>\$ 5,453,046</u>
	<b>2017</b>			
	<b>Balance at Beginning of Year</b>	<b>Current Year Claims and Changes in Estimate</b>	<b>Actual Claim Payments</b>	<b>Balance at End of Year</b>
Self-Insured Health Insurance Fund	\$ 5,575,015	\$ 47,307,029	\$ 48,405,594	\$ 4,476,450
Self-Insured Workers' Compensation Fund	313,392	2,605,186	1,605,185	1,313,393
Self-Insured Casualty/Liability Fund	411,615	5,979,825	5,959,825	431,615
Total	<u>\$ 6,300,022</u>	<u>\$ 55,892,040</u>	<u>\$ 55,970,604</u>	<u>\$ 6,221,458</u>

### 25. Other Revenues

Other revenues of \$11,508,192 in the governmental funds consist of funds received related to gaming proceeds for economic development of \$1,610,876; interest revenue from the City of Chester of \$440,933; rental income of \$653,481; funds received from the state equalization board of \$607,850; fringe benefits recovered of \$6,098,087; revenues related to Act 164 Rideshare fees of \$1,074,387; and various other revenues of \$1,022,578.

### 26. 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 \$45,371,915 consists of the General Fund of \$2,180,775 representing grants and other fees, Health and Human Service of \$25,157,847 and Other Governmental Funds of \$18,033,293 representing grants received which were not earned at December 31, 2018.

## County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2018

### 27. 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.

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 2017 amount due to the County of \$440,958 was paid by the City in January 2018. The present value of this asset amounting to approximately \$5,823,930 has been recorded in other receivables on the government-wide statement of net position at December 31, 2018 (Note 8).

### 28. Commitments and Contingencies

#### Commitments

The County leases office space under a number of operating leases with expiration dates through 2031.

Future minimum lease payments for each of the five years subsequent to December 31, 2018 under the various leases are as follows:

Years ending December 31:	
2019	\$ 3,474,782
2020	3,361,485
2021	1,817,242
*2022	1,422,345
2023	957,860
2024-2028	2,594,723
2029-2031	395,497
Total	<u>\$ 14,023,934</u>

Total rental expense for these leases during 2018 was \$2,595,222.

#### 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, 2018.



## County of Delaware, Pennsylvania

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Notes to Financial Statements  
December 31, 2018

### 29. New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The County is required to adopt Statement No. 83 effective for the period beginning after June 15, 2018 (the County's financial statements for the year ending December 31, 2019).

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The County is required to adopt Statement No. 84 effective for the period beginning after December 15, 2018 (the County's financial statements for the year ending December 31, 2019).

In June 2017, the GASB issued Statement No. 87, *Leases*. The County is required to adopt Statement No. 87 effective for the period beginning after December 15, 2019 (the County's financial statements for the year ending December 31, 2020).

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The County is required to adopt Statement No. 88 effective for the period beginning after June 15, 2018 (the County's financial statements for the year ending December 31, 2019).

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The County is required to adopt Statement No. 89 effective for reporting periods beginning after December 15, 2019 (the County's financial statements for the year ending December 31, 2020).

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The County is required to adopt Statement No. 90 effective for reporting period beginning after December 15, 2018 (the County's financial statements for the year ending December 31, 2019).

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The County is required to adopt Statement No. 91 effective for reporting periods beginning after December 15, 2020 (the County's financial statements for the year ending December 31, 2021).

County management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

## **Required Supplementary Information**

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## County of Delaware, Pennsylvania

Required Supplementary Information

Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios

December 31, 2018

(Unaudited)

	<u>2017</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 18,068,533	\$ 18,690,090
Interest cost	14,518,005	17,101,669
Changes of assumptions or other inputs	29,018,463	(52,656,643)
Benefit payments	<u>13,198,969</u>	<u>(13,837,017)</u>
Net change in total OPEB liability	74,803,970	(30,701,901)
<b>Total OPEB Liability, Beginning</b>	<u>410,565,998</u>	<u>485,369,968</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 485,369,968</u>	<u>\$ 454,668,067</u>
<b>Covered-Employee Payroll (Estimated)</b>	\$ 167,229,090	\$ 173,082,000
<b>County's Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	290.24%	262.69%

### Notes to Schedule:

The County implemented GASB Statements No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

The County does not accumulate assets in a trust to pay related benefits under the other post-employment benefit plan.

In 2018, the actuarial valuation was updated for a change in assumed discount rate related to net OPEB liability and deferred inflows of approximately \$52.7 million

**County of Delaware, Pennsylvania**

Required Supplementary Information

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

December 31, 2018

(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total Pension Liability</b>				
Service cost	\$ 4,767,962	\$ 4,584,055	\$ 15,542,585	\$ 15,286,753
Interest	31,874,452	33,074,553	33,824,984	35,056,767
Difference between expected and actual experience	4,147,176	8,944,917	(363,424)	(8,234,316)
Changes in assumptions	-	-	(17,616,575)	-
Benefit payments, including refunds of member contributions	<u>(25,266,392)</u>	<u>(23,917,898)</u>	<u>(24,299,440)</u>	<u>(24,782,858)</u>
Net change in total pension liability	15,523,198	22,685,627	7,088,130	17,326,346
<b>Total Pension Liability, Beginning</b>	<u>432,629,544</u>	<u>448,152,742</u>	<u>470,838,369</u>	<u>477,926,499</u>
<b>Total Pension Liability, Ending (a)</b>	<u>\$ 448,152,742</u>	<u>\$ 470,838,369</u>	<u>\$ 477,926,499</u>	<u>\$ 495,252,845</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155
Employee contributions	10,929,265	10,301,611	10,747,880	10,584,568
Net investment income (loss)	25,701,117	(4,799,203)	31,600,871	68,708,453
Benefit payments, including refunds of member contributions	(25,266,392)	(23,917,898)	(24,299,440)	(24,782,858)
Administration	<u>(48,804)</u>	<u>(48,803)</u>	<u>(48,803)</u>	<u>-</u>
Net change in plan fiduciary net position	15,474,249	(14,477,195)	23,160,546	59,272,318
<b>Plan Fiduciary Net Position, Beginning</b>	<u>447,902,076</u>	<u>463,376,325</u>	<u>448,899,130</u>	<u>472,059,676</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 463,376,325</u>	<u>\$ 448,899,130</u>	<u>\$ 472,059,676</u>	<u>\$ 531,331,994</u>
Plan net pension (asset) liability, ending (a) - (b)	<u>\$ (15,223,583)</u>	<u>\$ 21,939,239</u>	<u>\$ 5,866,823</u>	<u>\$ (36,079,149)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</b>	103.40%	95.34%	98.77%	107.28%
<b>Covered- Payroll</b>	\$ 134,056,126	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406
<b>County's Net Pension (Asset) Liability as a Percentage of Covered- Payroll</b>	(11.36)%	16.75%	4.34%	-27.29%

**Notes to Schedule:**

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

In 2016, the actuarial valuation was updated for the impact of member contributions and the member's reserve which resulted in a change in the assumptions related to the pension liability and deferred outflows of approximately \$17.6 million.

The County used the 2017 Actuarial Valuation to determine the net pension liability as of December 31, 2018 as allowed under GASB 67.

**County of Delaware**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Actuarially Determined Contribution</b>	\$ 7,487,851	\$ 6,756,099	\$ 5,944,506	\$ 7,142,276	\$ 7,146,641	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155	\$ 1,527,490
<b>Contributions in Relation to the Actuarially Determined Contribution</b>	7,487,851	6,756,099	5,944,506	7,142,276	7,146,641	4,159,063	3,987,098	5,160,038	4,762,155	1,527,490
<b>Contribution Deficiency (Excess)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Covered Payroll</b>	\$ 120,383,000	\$ 132,733,000	\$ 128,948,000	\$ 126,634,000	\$ 131,612,000	\$ 134,056,000	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406	\$ 132,195,408
<b>Contributions as a Percentage of Covered Payroll</b>	6.22%	5.09%	4.61%	5.64%	5.43%	3.10%	3.04%	3.82%	3.60%	1.16%

**Notes to Schedule:**

Valuation date: January 1, 2017

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	The method that is prescribed by Pennsylvania State Law, Act 44
Inflation	3.0%
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**

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Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2018  
(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>	6.50%	(0.65)%	7.90%	15.27%

**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**

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**County of Delaware, Pennsylvania**  
**General Fund**  
**Description of Fund**  
**For the Year Ended December 31, 2018**

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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, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variances Positive (Negative)</b>
<b>Current</b>			
General government:			
Administrative Services	\$ 162,000	\$ 316,833	\$ (154,833)
Board of Personnel Grievance	16,000	-	16,000
Budget Management	228,000	318,947	(90,947)
Bureau of Elections	805,000	785,583	19,417
Central Purchasing	343,000	317,131	25,869
Constables	1,395,000	1,316,564	78,436
Consumer Affairs	308,000	283,354	24,646
Controller	832,000	776,042	55,958
County Clerk	396,000	390,846	5,154
County Council	427,000	423,962	3,038
County Motor Vehicle Management	307,000	114,277	192,723
Court House & Park Police	1,317,000	1,203,543	113,457
Executive Director	1,136,000	725,098	410,902
Facilities Management	3,539,000	3,190,231	348,769
Information Technology	3,560,000	3,133,134	426,866
Intercommunity Health	362,000	335,414	26,586
Library Services	1,167,000	1,161,113	5,887
Parks and Recreation	1,782,000	1,472,981	309,019
Personnel	637,000	400,043	236,957
Planning	850,000	764,816	85,184
Public Works	224,000	37,948	186,052
Public Relations	309,000	187,369	121,631
Recorder of Deeds	717,000	459,899	257,101
Records and Archives	300,000	283,893	16,107
Risk Management	27,000	8,605	18,395
Self-Tax Collection	230,000	188,101	41,899
Solicitor	1,437,000	1,358,294	78,706
Tax Assessment	1,205,000	1,046,540	158,460
Tax Claim Office	1,123,000	957,921	165,079
Telecommunications	1,085,000	994,514	90,486
Treasurer	536,000	469,975	66,025
Veterans' Affairs	337,000	251,094	85,906
Voter Registration	459,000	405,508	53,492
Voting Machines	556,000	512,033	43,967
<b>Total general government</b>	<b>28,114,000</b>	<b>24,591,606</b>	<b>3,522,394</b>

(continued)

**County of Delaware, Pennsylvania****Schedule of Expenditures Compared to Budget (GAAP Basis)**

General Fund

Year Ended December 31, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variances Positive (Negative)</b>
Judicial:			
Adult Probation and Parole	\$ 5,052,000	\$ 4,854,351	\$ 197,649
Bail Agency	1,016,000	956,376	59,624
Court Administrator	2,153,000	1,656,500	496,500
Court Support and Services	6,878,000	5,786,055	1,091,945
Diagnostic Services	791,000	647,059	143,941
District Justice	7,865,000	6,612,963	1,252,037
Domestic Relations	6,670,000	5,584,156	1,085,844
Electronic Record System	934,000	819,316	114,684
Financial Services	248,000	230,221	17,779
Juvenile Court	11,024,000	9,799,299	1,224,701
Juvenile Detention	4,479,000	3,629,148	849,852
Juvenile Detention Kitchen	648,000	465,573	182,427
Legal Audio Visual	242,000	200,858	41,142
Maintenance of Juveniles	9,254,000	4,866,652	4,387,348
Total judicial	<u>57,254,000</u>	<u>46,108,527</u>	<u>11,145,473</u>
Corrections:			
Community Corrections	1,026,000	948,035	77,965
County Clerk Services	891,000	730,633	160,367
Criminal Investigations Dept.	4,066,000	3,919,605	146,395
District Attorney	6,194,000	5,781,534	412,466
Judicial Support	1,601,000	1,283,644	317,356
Medical Examiner	971,000	907,746	63,254
Office of Support Enforcement	610,000	549,386	60,614
Prison	50,000,000	48,886,033	1,113,967
Public Defender	4,281,000	4,002,706	278,294
Register of Wills	622,000	485,016	136,984
Sheriff	4,090,000	3,761,890	328,110
Special Counsel - Indigent Prisoners	132,000	111,366	20,634
Total corrections	<u>74,484,000</u>	<u>71,367,594</u>	<u>3,116,406</u>
Transportation:			
Southeastern Pennsylvania Transportation Authority Subsidy	<u>8,165,000</u>	<u>8,161,720</u>	<u>3,280</u>

(continued)

**County of Delaware, Pennsylvania****Schedule of Expenditures Compared to Budget (GAAP Basis)**

General Fund

Year Ended December 31, 2018

	<b>Final Budget</b>	<b>Actual</b>	<b>Variances Positive (Negative)</b>
Other:			
Agricultural Extension Service	\$ 137,000	\$ 137,346	\$ (346)
Civil Defense	690,000	631,618	58,382
Employee Benefits	44,529,000	34,824,158	9,704,842
Insurance	5,401,000	5,204,619	196,381
Other County Expenditures	700,000	584,166	115,834
Other Programs and Grants	1,902,000	1,901,821	179
Soil Conservation	244,000	220,323	23,677
Training Center	236,000	92,286	143,714
Total other	<u>53,839,000</u>	<u>43,596,337</u>	<u>10,242,663</u>
Debt service:			
Principal	<u>16,987,000</u>	<u>16,987,090</u>	<u>(90)</u>
Interest	<u>6,390,000</u>	<u>6,389,651</u>	<u>349</u>
Total expenditures	<u>\$ 245,233,000</u>	<u>\$ 217,202,525</u>	<u>\$ 28,030,475</u>

**County of Delaware, Pennsylvania**  
**Health and Human Service Funds**  
**Description of Sub-Funds**  
**For the Year Ended December 31, 2018**

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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.

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## County of Delaware, Pennsylvania

Combining Balance Sheet Schedule  
Health and Human Service Sub-Funds  
December 31, 2018

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 13,142,851	\$ -	\$ -
Restricted cash	4,595,477	-	-
Grants receivable	2,595,892	233,669	1,705,806
Due from other funds	6,391,813	11,845,595	3,247,405
Other assets	3,280,513	8,849	-
	<u>3,280,513</u>	<u>8,849</u>	<u>-</u>
Total assets	<u>\$ 30,006,546</u>	<u>\$ 12,088,113</u>	<u>\$ 4,953,211</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 4,649,692	\$ 8,665,880	\$ 2,483,576
Due to other funds	6,081,628	-	-
Unearned revenues	19,041,673	3,406,419	2,159,445
Other liabilities	233,553	15,814	310,190
	<u>233,553</u>	<u>15,814</u>	<u>310,190</u>
Total liabilities	<u>30,006,546</u>	<u>12,088,113</u>	<u>4,953,211</u>
<b>Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 30,006,546</u>	<u>\$ 12,088,113</u>	<u>\$ 4,953,211</u>

(Continued)

<b>Drug Abuse</b>	<b>Child Care</b>	<b>Day Care</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 13,142,851
-	-	-	4,595,477
800,017	15,767,771	274,425	21,377,580
1,649,372	-	4,131,816	27,266,001
95	1,162	-	3,290,619
<b>\$ 2,449,484</b>	<b>\$ 15,768,933</b>	<b>\$ 4,406,241</b>	<b>\$ 69,672,528</b>
\$ 1,875,185	\$ 3,998,510	\$ 164,828	\$ 21,837,671
-	10,461,679	-	16,543,307
21,509	-	528,801	25,157,847
552,790	1,308,744	3,712,612	6,133,703
<b>2,449,484</b>	<b>15,768,933</b>	<b>4,406,241</b>	<b>69,672,528</b>
-	-	-	-
<b>\$ 2,449,484</b>	<b>\$ 15,768,933</b>	<b>\$ 4,406,241</b>	<b>\$ 69,672,528</b>

## County of Delaware, Pennsylvania

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

Health and Human Service Sub-Funds

Year Ended December 31, 2018

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
<b>Revenues</b>			
Health and human service grants	\$ 148,126,771	\$ 34,960,223	\$ 15,787,854
<b>Expenditures</b>			
Current,			
Health and human services	<u>148,762,040</u>	<u>36,094,576</u>	<u>15,787,854</u>
Deficiency of revenues over expenditures	<u>(635,269)</u>	<u>(1,134,353)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	7,558,269	1,134,353	-
Transfers out	<u>(6,923,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources, net	<u>635,269</u>	<u>1,134,353</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

<u>Drug Abuse</u>	<u>Child Care</u>	<u>Day Care</u>	<u>Total</u>
\$ 7,445,576	\$ 35,776,855	\$ 49,779,834	\$ 291,877,113
<u>7,615,083</u>	<u>40,760,727</u>	<u>49,779,834</u>	<u>298,800,114</u>
<u>(169,507)</u>	<u>(4,983,872)</u>	<u>-</u>	<u>(6,923,001)</u>
169,507	4,983,872	-	13,846,001
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,923,000)</u>
<u>169,507</u>	<u>4,983,872</u>	<u>-</u>	<u>6,923,001</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 Sub-Funds Year Ended December 31, 2018

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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.

**Hazmat:** To account for the planning around hazardous and extremely hazardous substances manufactured or stored in the County.

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

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

**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.

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## County of Delaware, Pennsylvania

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

December 31, 2018

	<u>OWD/Other</u>	<u>Hazmat</u>	<u>911</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,128,559	\$ 678,471	\$ 9,854,477
Restricted cash	-	-	-
Grants receivable	4,299,838	-	3,132,881
Due from other funds	6,921,399	-	-
Notes receivable	-	-	-
Other assets	7,076	-	-
	<u>7,076</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,356,872</u>	<u>\$ 678,471</u>	<u>\$ 12,987,358</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 1,572,976	\$ 81,588	\$ -
Due to other funds	1,617,941	598	12,648,551
Unearned revenues	8,961,926	528,219	-
Other liabilities	200,373	68,066	338,807
	<u>200,373</u>	<u>68,066</u>	<u>338,807</u>
Total liabilities	<u>12,353,216</u>	<u>678,471</u>	<u>12,987,358</u>
<b>Fund Balances</b>			
Restricted for:			
Highways and streets	-	-	-
Infrastructure	-	-	-
Library	-	-	-
Community development	3,656	-	-
	<u>3,656</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>3,656</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,356,872</u>	<u>\$ 678,471</u>	<u>\$ 12,987,358</u>

<u>Library</u>	<u>Liquid Fuels</u>	<u>COSA</u>	<u>CDBG/ Rehab</u>	<u>Marcellus Shale</u>	<u>Total</u>
\$ 2,087,941	\$ 997,875	\$ 250	\$ 641,300	\$ -	\$ 15,388,873
-	-	-	-	4,403,351	4,403,351
-	-	174,195	1,991,717	-	9,598,631
-	111,139	6,255,832	134,949	-	13,423,319
-	-	-	2,596,527	-	2,596,527
49,963	-	38,575	-	-	95,614
<u>\$ 2,137,904</u>	<u>\$ 1,109,014</u>	<u>\$ 6,468,852</u>	<u>\$ 5,364,493</u>	<u>\$ 4,403,351</u>	<u>\$ 45,506,315</u>
\$ 100,885	\$ 339,386	\$ 922,031	\$ 323,078	\$ 65,738	\$ 3,405,682
1,543,708	-	-	339,664	215,575	16,366,037
-	-	4,421,110	-	4,122,038	18,033,293
-	-	1,125,711	24,482	-	1,757,439
<u>1,644,593</u>	<u>339,386</u>	<u>6,468,852</u>	<u>687,224</u>	<u>4,403,351</u>	<u>39,562,451</u>
-	769,628	-	-	-	769,628
-	-	-	-	-	-
493,311	-	-	-	-	493,311
-	-	-	4,677,269	-	4,680,925
<u>493,311</u>	<u>769,628</u>	<u>-</u>	<u>4,677,269</u>	<u>-</u>	<u>5,943,864</u>
<u>\$ 2,137,904</u>	<u>\$ 1,109,014</u>	<u>\$ 6,468,852</u>	<u>\$ 5,364,493</u>	<u>\$ 4,403,351</u>	<u>\$ 45,506,315</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, 2018

	<u>OWD/Other</u>	<u>Hazmat</u>	<u>911</u>
<b>Revenues</b>			
General grants	\$ 13,160,675	\$ 336,427	\$ 12,659,007
<b>Expenditures</b>			
Current:			
Highways, streets and bridges	1,126,666	-	-
Other	11,490,353	336,427	17,136,984
Total expenditures	<u>12,617,019</u>	<u>336,427</u>	<u>17,136,984</u>
Excess (deficiency) of revenues over expenditures	<u>543,656</u>	<u>-</u>	<u>(4,477,977)</u>
<b>Other Financing Sources</b>			
Transfers in	-	-	4,477,977
Transfers out	<u>(540,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,656	-	-
<b>Fund Balance, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 3,656</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Library</u>	<u>Liquid Fuels</u>	<u>COSA</u>	<u>CDBG/ Rehab</u>	<u>Marcellus Shale</u>	<u>Total</u>
<u>\$ 2,348,768</u>	<u>\$ 1,037,523</u>	<u>\$ 14,481,574</u>	<u>\$ 3,984,799</u>	<u>\$ 402,216</u>	<u>\$ 48,410,989</u>
-	1,185,329	-	-	218,334	2,530,329
<u>2,367,573</u>	<u>-</u>	<u>14,602,574</u>	<u>2,072,910</u>	<u>183,882</u>	<u>48,190,703</u>
<u>2,367,573</u>	<u>1,185,329</u>	<u>14,602,574</u>	<u>2,072,910</u>	<u>402,216</u>	<u>50,721,032</u>
<u>(18,805)</u>	<u>(147,806)</u>	<u>(121,000)</u>	<u>1,911,889</u>	<u>-</u>	<u>(2,310,043)</u>
-	-	121,000	-	-	4,598,977
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(540,000)</u>
(18,805)	(147,806)	-	1,911,889	-	1,748,934
<u>512,116</u>	<u>917,434</u>	<u>-</u>	<u>2,765,380</u>	<u>-</u>	<u>4,194,930</u>
<u>\$ 493,311</u>	<u>\$ 769,628</u>	<u>\$ -</u>	<u>\$ 4,677,269</u>	<u>\$ -</u>	<u>\$ 5,943,864</u>

**County of Delaware, Pennsylvania**

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

Budget and Actual - Liquid Fuels Fund

Year Ended December 31, 2018

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
General grants	\$ 1,000,000	\$ 1,000,000	\$ 1,037,523	\$ 37,523
<b>Expenditures</b>				
Current,				
Liquid Fuels	<u>1,627,439</u>	<u>1,677,779</u>	<u>1,185,329</u>	<u>492,450</u>
Excess (deficiency) of revenues over expenditures	(627,439)	(677,779)	(147,806)	529,973
<b>Fund Balance, Beginning</b>	<u>611,192</u>	<u>917,434</u>	<u>917,434</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ (16,247)</u>	<u>\$ 239,655</u>	<u>\$ 769,628</u>	<u>\$ 529,973</u>

## County of Delaware, Pennsylvania

### Capital Projects Funds Description of Sub-Funds Year Ended December 31, 2018

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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.

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# County of Delaware, Pennsylvania

Combining Balance Sheet Schedule

Capital Projects Sub-Funds

December 31, 2018

	<b>Food Services Facility Fund</b>	<b>General Capital Projects Fund</b>	<b>Total</b>
<b>Assets</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 121,148	\$ -	\$ 121,148
Restricted cash and cash equivalents	1,329	50,254,379	50,255,708
Due from Solid Waste Authority	-	5,475,000	5,475,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 122,477</u>	<u>\$ 55,729,379</u>	<u>\$ 55,851,856</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 1,773	\$ 2,399,623	\$ 2,401,396
Due to other funds	-	10,185,866	10,185,866
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>1,773</u>	<u>12,585,489</u>	<u>12,587,262</u>
<b>Fund Balances</b>			
Restricted for, Capital projects	-	43,143,890	43,143,890
Assigned to, Capital projects	120,704	-	120,704
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>120,704</u>	<u>43,143,890</u>	<u>43,264,594</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 122,477</u>	<u>\$ 55,729,379</u>	<u>\$ 55,851,856</u>

## County of Delaware, Pennsylvania

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

Capital Projects Sub-Funds

Year Ended December 31, 2018

	<b>Food Services Facility Fund</b>	<b>General Capital Projects Fund</b>	<b>Total</b>
<b>Revenues</b>			
Investment earnings	\$ 1,952	\$ 111,229	\$ 113,181
General grants	-	317,930	317,930
Total revenues	<u>1,952</u>	<u>429,159</u>	<u>431,111</u>
<b>Expenditures</b>			
Capital outlay	106,462	13,647,466	13,753,928
Debt service, interest	-	-	-
Debt issuance costs	-	-	-
Total expenditures	<u>106,462</u>	<u>13,647,466</u>	<u>13,753,928</u>
Deficiency of revenues over expenditures	<u>(104,510)</u>	<u>(13,218,307)</u>	<u>(13,322,817)</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of bond	-	40,000,000	40,000,000
Premium on bond issuance	-	-	-
Redemption of refunded bond	-	-	-
Transfers in	-	1,807,791	1,807,791
Total other financing sources	<u>-</u>	<u>41,807,791</u>	<u>41,807,791</u>
Net change in fund balance	<u>(104,510)</u>	<u>28,589,484</u>	<u>28,484,974</u>
<b>Fund Balance, Beginning</b>	<u>225,214</u>	<u>14,554,406</u>	<u>14,779,620</u>
<b>Fund Balance, Ending</b>	<u><u>\$ 120,704</u></u>	<u><u>\$ 43,143,890</u></u>	<u><u>\$ 43,264,594</u></u>

**Combining Statements and Schedules**  
**Internal Service Funds**

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# County of Delaware, Pennsylvania

## Internal Service Funds Description of Sub-Funds Year Ended December 31, 2018

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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.

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**County of Delaware, Pennsylvania**

Combining Statement of Net Position

Internal Service Funds

December 31, 2018

	<b>Self-funded Health Insurance Fund</b>	<b>Self-funded Workers' Compensation Fund</b>	<b>Self-funded Casualty/ Liability Fund</b>	<b>Total</b>
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,512,004	\$ 1,454,648	\$ 2,712,374	\$ 5,679,026
Prepaid expenses	1,600,000	-	1,916,801	3,516,801
Due from other funds	70,440	577,178	-	647,618
	<u>3,182,444</u>	<u>2,031,826</u>	<u>4,629,175</u>	<u>9,843,445</u>
Total current assets	<u>\$ 3,182,444</u>	<u>\$ 2,031,826</u>	<u>\$ 4,629,175</u>	<u>\$ 9,843,445</u>
<b>Current Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Claims payable	\$ 2,914,665	\$ 2,031,826	\$ 506,555	\$ 5,453,046
Due to other funds	267,779	-	4,122,620	4,390,399
	<u>3,182,444</u>	<u>2,031,826</u>	<u>4,629,175</u>	<u>9,843,445</u>
Total current liabilities	<u>3,182,444</u>	<u>2,031,826</u>	<u>4,629,175</u>	<u>9,843,445</u>
<b>Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 3,182,444</u>	<u>\$ 2,031,826</u>	<u>\$ 4,629,175</u>	<u>\$ 9,843,445</u>

**County of Delaware, Pennsylvania****Combining Statement of Revenues, Expenses, and Changes in Net Position**

Internal Service Funds

Year Ended December 31, 2018

	<b>Self-funded Health Insurance Fund</b>	<b>Self-funded Workers' Compensation Fund</b>	<b>Self-funded Casualty/ Liability Fund</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 42,304,281	\$ 1,162,307	\$ 6,255,993	\$ 49,722,581
<b>Operating Expenses</b>				
Insurance claims	42,311,276	1,119,971	6,264,936	49,696,183
Administration	-	45,853	-	45,853
Total operating expenses	42,311,276	1,165,824	6,264,936	49,742,036
Operating loss	(6,995)	(3,517)	(8,943)	(19,455)
<b>Nonoperating Revenue</b>				
Investment earnings	6,995	3,517	8,943	19,455
Change in net position	-	-	-	-
<b>Net Position, Beginning</b>	-	-	-	-
<b>Net Position, Ending</b>	\$ -	\$ -	\$ -	\$ -

**County of Delaware, Pennsylvania**

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2018

	<b>Self-funded Health Insurance Fund</b>	<b>Self-funded Workers' Compensation Fund</b>	<b>Self-funded Casualty/ Liability Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 46,361,338	\$ 902,311	\$ 6,010,306	\$ 53,273,955
Payments to suppliers	(45,473,061)	(447,390)	(5,816,706)	(51,737,157)
Net cash provided by operating activities	<u>888,277</u>	<u>454,921</u>	<u>193,600</u>	<u>1,536,798</u>
<b>Cash Flows Provided by Investing Activities</b>				
Interest received	<u>6,995</u>	<u>3,517</u>	<u>8,943</u>	<u>19,455</u>
Net increase in cash and cash equivalents	895,272	458,438	202,543	1,556,253
<b>Cash and Cash Equivalents, Beginning</b>	<u>616,732</u>	<u>996,210</u>	<u>2,509,831</u>	<u>4,122,773</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,512,004</u>	<u>\$ 1,454,648</u>	<u>\$ 2,712,374</u>	<u>\$ 5,679,026</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>				
Operating loss	\$ (6,995)	\$ (3,517)	\$ (8,943)	\$ (19,455)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
(Increase) decrease in due to other funds	4,057,057	(259,996)	(245,687)	3,551,374
(Increase) decrease in prepaid expenses	(1,600,000)	-	373,290	(1,226,710)
Increase (decrease) in claims payable	(1,561,785)	718,434	74,940	(768,411)
Total adjustments	<u>895,272</u>	<u>458,438</u>	<u>202,543</u>	<u>1,556,253</u>
Net cash provided by operating activities	<u>\$ 888,277</u>	<u>\$ 454,921</u>	<u>\$ 193,600</u>	<u>\$ 1,536,798</u>

# **Combining Statements and Schedules**

## **Component Units**

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# County of Delaware, Pennsylvania

## Component Units Description of Component Units Year Ended December 31, 2018

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**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.

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**County of Delaware, Pennsylvania**

Combining Statement of Net Position

Component Units

December 31, 2018

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 8,842,919	\$ 270,282	\$ 63,182	\$ 4,297,469	\$ 13,473,852
Receivables (net of allowance for uncollectibles):					
Accounts	3,615,204	-	-	-	3,615,204
Notes	-	-	-	-	-
Other	682,735	536,010	-	-	1,218,745
Inventories	142,574	-	-	-	142,574
Other assets	417,473	27,287	-	38,783	483,543
Investments	10,500	-	-	-	10,500
Restricted cash and cash equivalents	2,000,000	498,771	-	3,175	2,501,946
Capital assets (net of accumulated depreciation):					
Land	7,000,000	-	849,286	1,024,199	8,873,485
Land improvements	2,122,122	-	-	-	2,122,122
Buildings and improvements	-	-	20,555,498	-	20,555,498
Equipment	21,036,798	-	-	-	21,036,798
Total assets	45,870,325	1,332,350	21,467,966	5,363,626	74,034,267
<b>Deferred Outflows of Resources</b>					
	639,407	-	-	-	639,407
Total assets and deferred outflows	<u>\$ 46,509,732</u>	<u>\$ 1,332,350</u>	<u>\$ 21,467,966</u>	<u>\$ 5,363,626</u>	<u>\$ 74,673,674</u>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 3,818,218	\$ 20,948	\$ -	\$ 181,886	\$ 4,021,052
Due to primary government	7,475,000	-	-	4,419	7,479,419
Unearned revenue	-	75,000	-	-	75,000
Long-term liabilities:					
Due within one year,					
Bonds and notes payable	518,000	-	-	-	518,000
Due in more than one year:					
Bonds and notes payable	7,372,000	-	-	-	7,372,000
Net pension liability	701,101	-	-	-	701,101
Accrued closure costs	18,060,763	-	-	-	18,060,763
Total liabilities	37,945,082	95,948	-	186,305	38,227,335
<b>Deferred Inflows of Resources</b>					
	126,962	-	-	-	126,962
<b>Net Position</b>					
Net investment in capital assets	22,268,920	-	21,404,784	-	43,673,704
Restricted for:					
Economic development	-	441,642	-	-	441,642
Solid waste	2,000,000	-	-	-	2,000,000
Unrestricted	(15,831,232)	794,760	63,182	5,177,321	(9,795,969)
Total net position	8,437,688	1,236,402	21,467,966	5,177,321	36,319,377
Total liabilities, deferred inflows, and net position	<u>\$ 46,509,732</u>	<u>\$ 1,332,350</u>	<u>\$ 21,467,966</u>	<u>\$ 5,363,626</u>	<u>\$ 74,673,674</u>

**County of Delaware, Pennsylvania**

Combining Statement of Activities

Component Units

Year Ended December 31, 2018

	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	
<b>Functions/Programs</b>								
Solid Waste Authority, Public works	\$ 43,169,827	\$ 37,011,762	\$ 107,107	\$ (6,050,958)	\$ -	\$ -	\$ -	\$ (6,050,958)
Economic Development Oversight Board, Public works	711,501	174,149	658,650	-	121,298	-	-	121,298
Waterfront Industrial Authority, Public works	978,833	-	-	-	-	(978,833)	-	(978,833)
Redevelopment Authority, Public works	9,141,762	-	8,901,159	-	-	-	(240,603)	(240,603)
Total component units	<u>\$ 54,001,923</u>	<u>\$ 37,185,911</u>	<u>\$ 9,666,916</u>	<u>(6,050,958)</u>	<u>121,298</u>	<u>(978,833)</u>	<u>(240,603)</u>	<u>(7,149,096)</u>
<b>General Revenues</b>								
Other				(30,966)	17,375	-	-	(13,591)
Unrestricted investment earnings				37,618	971	1,170	15,125	54,884
Change in net position				(6,044,306)	139,644	(977,663)	(225,478)	(7,107,803)
<b>Net Position, Beginning</b>				14,481,994	1,096,758	22,445,629	5,402,799	43,427,180
<b>Net Position, Ending</b>				<u>\$ 8,437,688</u>	<u>\$ 1,236,402</u>	<u>\$ 21,467,966</u>	<u>\$ 5,177,321</u>	<u>\$ 36,319,377</u>

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## **Capital Assets by Function**

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## County of Delaware, Pennsylvania

Schedule of Changes in Capital Assets by Function  
For the Year Ended December 31, 2018

	Changes in Capital Assets			
	January 1, 2018	Additions	Disposals/ Reclassification	December 31, 2018
General government and judicial	\$ 234,393,084	\$ 8,634,021	\$ (6,353,330)	\$ 236,673,775
Recreation	16,165,537	9,300	-	16,174,837
Corrections	109,342,110	11,000	-	109,353,110
Health and human services	12,454,164	87,576	-	12,541,740
Infrastructure	21,638,712	1,783,564	-	23,422,276
Other	1,909,786	15,626	-	1,925,412
Total	<u>\$ 395,903,393</u>	<u>\$ 10,541,087</u>	<u>\$ (6,353,330)</u>	<u>\$ 400,091,150</u>

	Ending Balance is Composed of				
	Land and Improvements	Buildings and Improvements	Equipment	Construction in Progress	Total
General government and judicial	\$ 16,059,104	\$ 127,740,544	\$ 90,160,784	\$ 2,713,343	\$ 236,673,775
Recreation	9,748,682	4,769,661	1,656,494	-	16,174,837
Corrections	5,425,643	96,818,312	7,109,155	-	109,353,110
Health and human services	216,698	904,332	11,420,710	-	12,541,740
Infrastructure	21,638,712	-	-	1,783,564	23,422,276
Other	-	-	1,925,412	-	1,925,412
Total	<u>\$ 53,088,839</u>	<u>\$ 230,232,849</u>	<u>\$ 112,272,555</u>	<u>\$ 4,496,907</u>	<u>\$ 400,091,150</u>

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# **Statistical Section**

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# County of Delaware, Pennsylvania

## Statistical Section

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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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ (96,331,704)	\$ (97,119,597)	\$ (86,608,478)	\$ (73,172,651)	\$ (67,891,655)	\$ (60,035,609)	\$ (65,173,815)	\$ (40,524,551)	\$ (34,971,630)	\$ (39,794,669)
Nonspendable	-	-	-	-	1,381,507	1,144,114	1,173,055	-	-	-
Restricted:										
Highways and streets	1,873,935	2,117,979	2,045,289	1,856,882	1,777,099	1,430,456	703,883	816,798	917,434	769,628
Infrastructure	-	-	-	-	-	38,358	62,140	62,140	-	-
Library	2,269,284	3,002,528	2,181,260	1,859,136	682,598	609,672	185,364	580,577	512,116	493,311
Community development	3,665,564	3,406,100	3,587,712	2,847,493	3,797,657	3,961,639	5,050,406	5,250,054	2,765,380	4,680,925
Title IV D program	1,595,222	724,447	823,268	1,232,444	1,870,555	426,047	449,953	524,260	627,277	825,841
Capital projects	-	-	-	2,293,963	2,346,683	-	19,062	19,141	19,141	19,487
Unrestricted	87,488,307	73,417,283	65,787,670	59,685,325	47,129,403	46,128,192	74,177,108	56,041,052	(227,145,182)	(230,858,250)
Total governmental activities net position	<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>	<u>\$ (257,275,464)</u>	<u>\$ (263,863,727)</u>
<b>Business-Type Activity</b>										
Net investment in capital assets	\$ (16,954,126)	\$ (19,420,689)	\$ (20,980,693)	\$ (21,708,469)	\$ (21,213,250)	\$ (20,594,380)	\$ (20,156,636)	\$ (19,214,171)	\$ (17,023,111)	\$ (2,437,929)
Unrestricted	17,807,213	19,420,689	20,980,693	21,708,469	21,213,250	20,594,380	31,321,623	29,786,041	24,940,139	9,317,885
Total business-type activity net position	<u>\$ 853,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,164,987</u>	<u>\$ 10,571,870</u>	<u>\$ 7,917,028</u>	<u>\$ 6,879,956</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ (113,285,830)	\$ (116,540,286)	\$ (107,589,171)	\$ (94,881,120)	\$ (89,104,905)	\$ (80,629,989)	\$ (85,330,451)	\$ (59,738,722)	\$ (51,994,741)	\$ (42,232,598)
Nonspendable	-	-	-	-	1,381,507	1,144,114	1,173,055	-	-	-
Restricted	9,404,005	9,251,054	8,637,529	10,089,918	10,474,592	6,466,172	6,470,808	7,252,970	4,841,348	6,789,192
Unrestricted	105,295,520	92,837,972	86,768,363	81,393,794	68,342,653	66,722,572	105,498,731	85,827,093	(202,205,043)	(221,540,365)
Total primary government net position	<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>	<u>\$ (249,358,436)</u>	<u>\$ (256,983,771)</u>

Source: Comprehensive Annual Financial Reports

Note: Fiscal years 2008 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.

Note: Fiscal years 2008 through 2016 have not been restated to conform with the implementation of GASB Statement 75 in fiscal year 2017.  
 As a result of the implementation of GASB 75 in 2017, unrestricted net position decreased as a result of recording of the net other post-employment benefit liability.

**County of Delaware, Pennsylvania**

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 124,365,790	\$ 143,983,937	\$ 130,302,387	\$ 124,851,749	\$ 130,258,805	\$ 141,161,340	\$ 139,824,286	\$ 139,863,152	\$ 183,986,484	\$ 158,826,027
Judicial	52,473,162	52,360,413	45,844,482	48,381,276	48,371,935	47,072,546	48,114,691	47,579,146	46,892,637	46,108,527
Corrections	67,071,482	67,891,398	68,876,004	69,457,964	70,790,012	71,432,033	69,303,184	70,396,646	72,354,669	73,639,684
Health and human services	282,321,631	248,889,415	245,274,186	245,077,186	248,301,666	251,336,280	264,760,015	293,120,188	282,351,418	301,734,417
Highways, streets and bridges	7,968,517	1,924,872	2,333,302	13,130,022	2,807,351	2,187,625	1,741,793	5,109,270	5,002,634	2,767,966
Interest on long-term debt	9,638,681	9,198,303	8,637,786	8,794,312	8,457,413	8,123,155	7,669,091	4,715,546	5,039,793	4,631,463
Total governmental activities expenses	543,839,263	524,248,338	501,268,147	509,692,509	508,987,182	521,312,979	531,413,060	560,783,948	595,627,635	587,708,084
Business-type activities,										
Geriatric Center	75,824,685	78,716,756	81,376,108	81,863,752	80,763,126	77,855,996	78,291,391	80,155,082	79,364,283	72,633,211
Total primary government expenses	619,663,948	602,965,094	582,644,255	591,556,261	589,750,308	599,168,975	609,704,451	640,939,030	674,991,918	660,341,295
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	9,446,492	9,004,999	10,273,501	11,581,252	10,410,962	8,916,675	9,451,202	10,808,949	16,724,286	17,693,475
Judicial	6,062,227	5,708,978	5,006,264	5,280,673	5,206,386	5,137,583	5,284,756	5,099,131	6,697,710	6,454,685
Corrections	7,978,858	8,870,808	8,501,485	8,878,377	12,500,228	11,696,677	10,872,399	9,969,527	7,457,984	7,185,008
Capital grants and contributions	-	-	2,514,224	9,863,638	1,462,919	81,308	398,116	7,169,508	6,004,030	2,190,752
Operating grants and contributions	356,221,618	324,337,383	315,358,881	315,233,611	302,984,285	315,864,486	325,546,736	355,308,838	339,394,518	361,527,288
Total governmental activities program revenues	379,709,195	347,922,168	341,654,355	350,837,551	332,564,780	341,696,729	351,553,209	388,355,953	376,278,528	395,051,208
Business-type activity,										
Capital grants and contributions	-	-	91,281	379,719	-	-	-	-	-	-
Geriatric Center - charges for services	72,611,507	72,111,626	73,517,671	74,681,667	75,172,541	75,783,231	78,596,865	74,116,170	70,158,446	67,464,800
Total primary government program revenues	452,320,702	420,033,794	415,263,307	425,898,937	407,737,321	417,479,960	430,150,074	462,472,123	446,436,974	462,516,008

**County of Delaware, Pennsylvania**

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (164,130,068)	\$ (176,326,170)	\$ (159,613,792)	\$ (158,854,958)	\$ (176,422,402)	\$ (179,616,250)	\$ (179,859,851)	\$ (172,427,995)	\$ (219,349,107)	\$ (192,656,876)
Business-type activity	(3,213,178)	(6,605,130)	(7,767,156)	(6,802,366)	(5,590,585)	(2,072,765)	305,474	(6,038,912)	(9,205,837)	(5,168,411)
Total primary government net expense	(167,343,246)	(182,931,300)	(167,380,948)	(165,657,324)	(182,012,987)	(181,689,015)	(179,554,377)	(178,466,907)	(228,554,944)	(197,825,287)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	143,583,153	154,340,906	155,615,119	160,312,545	164,661,208	172,842,088	170,843,978	172,268,546	174,050,740	176,945,069
Unrestricted investment earnings	3,271,147	2,348,032	2,924,184	2,615,151	2,830,737	2,356,693	1,876,866	979,836	1,198,207	2,200,022
Grants and charges not restricted to specific programs	317,723	334,292	359,641	407,693	352,508	494,046	971,942	959,266	1,826,875	2,011,525
Gaming revenue	9,478,151	9,795,345	10,472,563	10,224,170	9,334,840	8,604,779	8,589,487	8,067,163	7,876,251	7,815,230
Transfers	-	(5,504,273)	(7,489,734)	(5,918,730)	(4,482,703)	(2,072,334)	-	(3,724,501)	(5,351,903)	(2,903,233)
Total government activities	156,650,174	161,314,302	161,881,773	167,640,829	172,696,590	182,225,272	182,282,273	178,550,310	179,600,170	186,068,613
Business-type activity:										
Investment earnings	167,021	247,770	277,422	883,636	1,107,882	431	287,643	1,721,294	2,378	29,928
Other revenues (expenses)	-	-	-	-	-	-	-	-	1,196,714	1,198,178
Interest on long-term debt	(1,751,251)	-	-	-	(5,039,793)	-	-	-	-	-
Transfers	-	5,504,273	7,489,734	5,918,730	4,482,703	2,072,334	-	3,724,501	5,351,903	2,903,233
Total business-type activity	(1,584,230)	5,752,043	7,767,156	6,802,366	550,792	2,072,765	287,643	5,445,795	6,550,995	4,131,339
Total primary government	155,065,944	167,066,345	169,648,929	174,443,195	173,247,382	184,298,037	182,569,916	183,996,105	186,151,165	190,199,952
<b>Special Item</b>										
Capital grant to component unit	(28,000,000)	-	-	-	-	-	-	-	-	-
<b>Change in Net Position</b>										
Governmental activities	(35,479,894)	(15,011,868)	2,267,981	8,785,871	(3,725,812)	2,609,022	2,422,422	6,122,315	(39,748,937)	(6,588,263)
Business-type activity	(1,584,230)	(853,087)	-	-	-	-	593,117	(593,117)	(2,654,842)	(1,037,072)
Total primary government	<u>\$ (37,064,124)</u>	<u>\$ (15,864,955)</u>	<u>\$ 2,267,981</u>	<u>\$ 8,785,871</u>	<u>\$ (3,725,812)</u>	<u>\$ 2,609,022</u>	<u>\$ 3,015,539</u>	<u>\$ 5,529,198</u>	<u>\$ (42,403,779)</u>	<u>\$ (7,625,335)</u>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ 963,322	\$ 562,376	\$ 1,381,507	\$ 1,144,114	\$ 1,173,055	\$ 994,359	\$ 791,315	\$ 1,167,321
Restricted	-	-	823,268	1,232,444	1,870,555	426,047	449,953	524,260	627,277	825,841
Assigned:										
Debt Service Costs	-	-	11,400,000	11,400,000	11,400,000	12,000,000	15,000,000	15,000,000	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	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	23,874,094	33,962,946
Reserved	1,595,222	724,447	-	-	-	-	-	-	-	-
Unreserved	6,296,597	7,433,686	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>7,891,819</b>	<b>8,158,133</b>	<b>34,307,006</b>	<b>35,167,680</b>	<b>35,584,220</b>	<b>41,806,852</b>	<b>49,195,626</b>	<b>51,948,419</b>	<b>55,292,686</b>	<b>65,956,108</b>
<b>All Other Governmental Funds</b>										
Reserved	13,283,783	14,001,607	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	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	18,749,336	49,087,754
Assigned	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	1,576,451	1,215,875	509,216	424,024	360,010	293,103	225,214	120,704
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	(7,935,282)	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>45,936,545</b>	<b>42,966,510</b>	<b>6,930,430</b>	<b>15,548,349</b>	<b>31,677,162</b>	<b>20,213,591</b>	<b>39,671,789</b>	<b>30,453,812</b>	<b>18,974,550</b>	<b>49,208,458</b>
<b>Total all funds</b>	<b>\$ 53,828,364</b>	<b>\$ 51,124,643</b>	<b>\$ 41,237,436</b>	<b>\$ 50,716,029</b>	<b>\$ 67,261,382</b>	<b>\$ 62,020,443</b>	<b>\$ 88,867,415</b>	<b>\$ 82,402,231</b>	<b>\$ 74,267,236</b>	<b>\$ 115,164,566</b>

Source: Comprehensive Annual Financial Reports

Note: Fiscal years 2008 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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Real estate taxes	\$ 177,034,412	\$ 175,190,152	\$ 171,942,346	\$ 171,997,482	\$ 171,551,067	\$ 164,860,852	\$ 159,605,920	\$ 155,756,779	\$ 156,371,430	\$ 144,793,655
Licenses and inspections	26,083	47,373	53,704	37,084	17,415	62,948	10,125	36,960	23,828	18,423
General grants	72,436,715	77,816,886	80,665,550	73,975,998	69,626,188	69,446,178	81,030,796	79,758,176	81,046,110	76,987,688
Charges for services, fines, and forfeitures	21,655,562	22,385,940	22,650,651	22,787,617	21,915,998	22,860,520	23,371,602	22,000,400	24,016,541	24,809,672
Investment earnings	1,924,856	915,759	690,376	597,499	1,262,735	1,088,573	1,335,689	1,551,162	1,274,357	2,305,591
Gaming revenue	7,815,230	7,876,251	8,067,163	8,589,487	8,604,779	9,334,840	10,224,170	10,472,563	9,795,345	9,478,151
Health & human service grants	291,877,113	268,202,995	274,187,086	246,849,168	244,913,281	234,003,423	238,445,980	239,323,976	235,212,559	262,517,380
Other	11,508,192	10,093,167	10,200,330	9,317,148	9,932,293	8,435,747	11,909,751	8,167,796	9,769,447	8,616,768
<b>Total revenues</b>	<b>584,278,163</b>	<b>562,528,523</b>	<b>568,457,206</b>	<b>534,151,483</b>	<b>527,823,756</b>	<b>510,093,081</b>	<b>525,934,033</b>	<b>517,067,812</b>	<b>517,509,617</b>	<b>529,527,328</b>
<b>Expenditures</b>										
Current:										
General government	24,591,607	24,554,072	24,788,550	22,617,249	23,146,549	22,575,866	22,144,960	20,655,471	22,571,879	22,317,237
Judicial	46,108,527	46,892,638	47,579,146	48,139,889	50,873,015	50,000,068	49,969,242	47,472,352	52,241,301	52,370,643
Corrections	71,367,594	70,043,433	67,953,351	66,797,819	64,184,935	63,059,037	63,706,711	64,933,176	63,874,323	63,984,713
Transportation	8,161,720	7,816,883	7,572,663	7,336,000	6,921,000	6,921,000	6,799,396	7,024,827	7,245,074	7,315,678
Health & Human Services	298,800,114	275,125,987	281,110,078	253,272,168	251,336,280	240,428,656	244,872,046	245,787,429	242,129,230	268,947,966
Highways, streets and bridges	2,530,329	4,924,406	4,770,055	1,550,238	1,555,907	1,187,336	1,385,854	1,248,678	986,357	1,277,450
Other	91,787,040	103,100,752	103,986,008	101,066,406	97,066,673	94,686,905	101,708,121	96,179,650	101,227,482	93,685,918
Debt Service:										
Principal	16,987,090	16,386,211	16,314,207	15,066,379	55,376,822	16,179,257	16,023,160	12,384,941	11,141,297	9,736,996
Interest	6,389,651	6,932,403	7,937,644	7,783,743	8,245,198	8,566,563	8,900,486	8,651,294	9,156,658	10,218,403
Debt issuance costs	-	9,500	443,240	126,881	210,529	-	-	-	-	-
Capital outlay	13,753,928	9,525,330	9,205,847	8,547,739	10,801,510	10,460,337	15,026,734	15,302,712	19,320,464	9,858,830
<b>Total expenditures</b>	<b>580,477,600</b>	<b>565,311,615</b>	<b>571,660,789</b>	<b>532,304,511</b>	<b>569,718,418</b>	<b>514,065,025</b>	<b>530,536,710</b>	<b>519,640,530</b>	<b>529,894,065</b>	<b>539,713,834</b>
Excess of revenues over (under) expenditures	3,800,563	(2,783,092)	(3,203,583)	1,846,972	(41,894,662)	(3,971,944)	(4,602,677)	(2,572,718)	(12,384,448)	(10,186,506)
<b>Other Financing Sources (Uses)</b>										
Transfers in	20,792,769	19,003,760	18,959,677	20,561,366	21,174,980	16,143,991	13,538,768	15,327,150	11,751,849	10,523,980
Transfers out	(23,696,002)	(24,335,663)	(22,684,178)	(20,561,366)	(23,247,314)	(20,626,694)	(19,457,498)	(22,641,639)	(17,256,122)	(10,523,980)
Redemption of refunded bond	-	-	(55,780,000)	-	-	-	-	-	(29,995,000)	(61,225,000)
Issuance of bonds and notes	40,000,000	-	49,420,000	25,000,000	38,726,057	25,000,000	20,000,000	-	15,185,000	28,595,000
Issuance of bond premium	-	-	6,822,900	-	-	-	-	-	-	104,420
Issuance of refunding bond	-	-	-	-	-	-	-	-	29,995,000	54,750,000
Issuance of refunding bond premium	-	-	-	-	-	-	-	-	-	7,216,939
<b>Total other financing sources (uses)</b>	<b>37,096,767</b>	<b>(5,331,903)</b>	<b>(3,261,601)</b>	<b>25,000,000</b>	<b>36,653,723</b>	<b>20,517,297</b>	<b>14,081,270</b>	<b>(7,314,489)</b>	<b>9,680,727</b>	<b>29,441,359</b>
<b>Special Item</b>										
Capital grant to component unit	-	-	-	-	-	-	-	-	-	(28,000,000)
<b>Net change in fund balances</b>	<b>40,897,330</b>	<b>(8,114,995)</b>	<b>(6,465,184)</b>	<b>26,846,972</b>	<b>(5,240,939)</b>	<b>16,545,353</b>	<b>9,478,593</b>	<b>(9,887,207)</b>	<b>(2,703,721)</b>	<b>(8,745,147)</b>
<b>Fund Balance, Beginning</b>	<b>74,267,236</b>	<b>-</b>	<b>88,867,415</b>	<b>62,020,443</b>	<b>67,261,382</b>	<b>50,716,029</b>	<b>41,237,436</b>	<b>51,124,643</b>	<b>53,828,364</b>	<b>62,573,511</b>
<b>Fund Balance, Ending</b>	<b>\$ 115,164,566</b>	<b>\$ (8,114,995)</b>	<b>\$ 82,402,231</b>	<b>\$ 88,867,415</b>	<b>\$ 62,020,443</b>	<b>\$ 67,261,382</b>	<b>\$ 50,716,029</b>	<b>\$ 41,237,436</b>	<b>\$ 51,124,643</b>	<b>\$ 53,828,364</b>
Debt Service as a percentage of non-capital expenditure	4.10%	4.12%	4.36%	4.35%	11.36%	4.90%	4.87%	4.16%	3.90%	3.71%

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, 2018

(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)			
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
2017	24,620,130	6,016,916	4,484,073	35,121,119	3,539,509	31,581,610	5.604
2018	24,643,945	6,017,770	4,483,474	35,145,189	3,585,818	31,559,371	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, 2018

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>County Direct Rate:</b>										
General	3.8880	4.4020	4.3180	4.3930	4.5100	4.6630	4.7150	4.6760	4.7010	4.7140
Debt	0.9370	0.7820	0.8660	0.9110	0.9420	0.9410	0.8890	0.9280	0.9030	0.8900
<b>Total direct rate</b>	<b>4.8250</b>	<b>5.1840</b>	<b>5.1840</b>	<b>5.3040</b>	<b>5.4520</b>	<b>5.6040</b>	<b>5.6040</b>	<b>5.6040</b>	<b>5.6040</b>	<b>5.6040</b>
<b>Borough and Township Rates:</b>										
Aldan Borough	5.4199	5.6600	6.1110	6.4104	7.4985	7.4985	7.4985	8.1300	8.1300	8.1300
Aston Township	3.6500	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.7000	4.7000	4.7000
Bethel Township	0.0850	1.8700	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650
Brookhaven Township	4.3500	4.3500	4.3500	0.8820	4.3500	4.3500	4.3500	4.3500	4.3500	4.3500
Chadds Ford Township	0.7720	0.0900	0.8820	4.3500	0.8820	0.8820	0.8820	0.8820	0.8820	0.8820
Chester City	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	diff. Bases	diff. Bases	diff. Bases	diff. Bases
Chester Heights	0.2200	8.8000	0.0580	0.0580	0.0580	0.0580	0.0580	0.9800	0.9800	0.9800
Chester Township	7.5000	7.2000	8.8000	8.0000	9.0000	9.0000	9.0000	9.9000	9.9000	9.9000
Clifton Heights Borough	11.5010	12.0100	12.0010	12.2510	13.0010	13.0010	13.0010	14.5010	14.5010	14.5010
Collingdale Borough	9.8600	10.7400	11.2370	11.2370	12.2370	12.2370	12.2370	12.7370	12.7370	12.7370
Colwyn Borough	19.9100	20.0200	27.0000	27.0000	27.2000	27.2000	25.2000	25.2000	25.2000	25.2000
Concorn Township	0.9440	0.9400	0.9440	0.0944	0.9440	0.9440	0.9440	0.9440	0.9440	0.9440
Darby Borough	13.7410	13.7400	16.2410	17.7410	17.7409	17.7409	17.7410	18.4920	18.4920	18.4920
Darby Township	8.9100	8.9100	10.9100	10.9100	11.4100	11.4100	11.4100	11.4350	11.4350	11.4350
East Lansdowne Borough	11.0000	11.0000	11.0000	11.3000	11.3000	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	7.0000	7.0000	7.0000
Edgmont Township	0.6699	0.7200	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283
Folcroft Borough	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000
Glenolden Borough	7.9200	8.4000	8.4000	8.4000	8.4000	8.4000	8.4000	8.9000	8.9000	8.9000
Haverford Township	6.3590	6.3590	6.6890	6.9920	7.3340	7.5400	7.5400	7.9930	7.9930	7.9930
Lansdowne Borough	10.5850	10.8496	11.1210	11.6210	11.9120	12.2096	12.2096	12.6390	12.6390	12.6390
Lower Chichester Township	6.0000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000
Marcus Hood Borough	9.3500	9.3500	10.8500	12.3500	12.3500	12.3500	12.3500	12.3500	12.3500	12.3500
Marple Township	4.1100	4.1100	4.1840	4.1840	4.2900	4.4100	4.4100	4.4800	4.4800	4.4800
Media Borough	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Middletown Township	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.5000	1.5000	1.5000
Millbourne	23.0000	23.0000	23.0000	23.0000	24.0000	25.6160	25.6160	25.6420	25.6420	25.6420
Morton Borough	6.6610	7.1610	7.1600	8.1610	9.4110	9.6110	9.6110	11.3370	11.3370	11.3370
Nether Providence Township	3.9000	4.0900	4.3700	4.6800	4.7800	4.9200	4.9200	5.1600	5.1600	5.1600
Newtown Township	2.3023	2.5037	2.6640	2.7940	2.7940	2.8840	2.8840	2.9440	2.9440	2.9440
Norwood Borough	10.8220	10.8220	10.8220	10.8220	10.5500	10.5500	10.5500	11.3000	11.3000	11.3000
Parkside Borough	8.3600	8.8600	9.5000	9.5000	9.5000	9.5000	9.5000	10.0000	10.0000	10.0000
Prospect Park Borough	7.2400	7.9200	8.3200	8.3600	9.1200	9.5200	9.5200	9.6200	9.6200	9.6200
Radnor Township	3.3411	3.6411	3.7511	3.7511	3.7511	3.7511	3.7511	3.9228	3.9228	3.9228
Ridley Park Borough	7.4500	7.4500	7.7900	7.7900	8.1400	8.1400	8.1400	8.1400	8.1400	8.1400
Ridley Township	8.0160	8.0160	8.0170	8.0160	8.5160	8.5160	8.5160	9.2660	9.2660	9.2660
Rose Valley Borough	1.7700	1.9400	2.1100	2.3400	2.3000	2.4200	2.4200	2.2300	2.2300	2.2300
Rutledge	4.1500	4.3200	4.6800	5.2800	5.7100	5.7100	5.7100	5.7100	5.7100	5.7100
Sharon Hill Borough	6.4120	7.2400	7.5000	7.5000	7.5000	7.5000	7.5000	7.7500	7.7500	7.7500
Springfield Township	4.9800	4.9800	5.1700	5.3200	5.5860	5.5860	5.5860	5.5860	5.5860	5.5860
Swarthmore Borough	4.8700	5.2020	5.3020	5.4520	5.5890	5.5890	5.5890	5.6730	5.6730	5.6730
Tinicun Township	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000
Trainer Borough	10.0000	12.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500
Upland Borough	2.0000	2.0000	2.0000	5.4520	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Upper Chichester Township	5.8500	5.8500	5.3500	5.1000	5.1000	5.1000	5.1000	5.1000	5.1000	5.1000
Upper Darby Township	14.9900	15.9400	16.7900	17.9400	18.9300	19.9200	19.9200	20.3700	20.3700	20.3700
Upper Providence Township	3.4634	3.5490	3.6480	3.7340	3.8030	3.8730	3.8730	4.0000	4.0000	4.0000
Yeadon Borough	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900	8.8900
<b>School District Rates:</b>										
Chester-Upland	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	24.6928	25.6555	26.2969	26.9543
Chichester	34.6017	36.2819	37.7350	38.3000	38.6840	39.0708	39.0708	39.4615	39.8561	39.8561
Granet Valley	27.0680	27.8330	28.0260	29.0550	29.2006	29.7440	30.6437	31.3495	31.7500	32.4876
Haverford	23.1020	24.4743	26.0209	26.7305	27.6784	28.6692	29.4719	30.2964	31.0538	31.7991
Interboro	30.8300	31.6000	32.2000	32.2000	32.9406	33.4347	33.9362	34.9203	36.0377	37.1008
Marple-Newtown	15.1327	16.3222	25.1839	17.2199	17.6839	17.6839	18.0690	18.0690	18.0552	18.4885
Penn Delco	22.4220	23.1830	23.8250	24.5490	25.2760	25.9070	26.4760	27.2438	28.0583	28.8971
Radnor	20.2731	20.8681	21.1439	21.8227	21.7122	21.7122	22.1247	22.9262	23.6199	24.1867
Ridley	33.2490	35.5580	37.0310	38.2500	39.1250	39.2500	39.2500	39.9000	39.9000	40.7300
Rose Tree-Media	21.6251	21.6251	22.2522	22.6143	22.9445	23.3677	23.8080	24.3773	25.0945	25.6888
Southeast Delco	31.7840	35.7840	36.4996	36.8246	37.2849	38.4034	39.4786	40.4656	41.5784	43.0752
Springfield	26.2910	27.2230	27.9750	28.7300	29.3000	29.9604	30.6960	31.4212	32.2067	32.9796
Upper Darby	29.7200	30.9000	31.7300	32.8500	33.8150	34.5930	35.2160	35.2160	36.2689	37.1395
Wallingford Swarthmore	36.5660	37.6260	38.1520	39.3340	39.6930	40.5265	41.9760	43.4032	44.6597	45.3025
William Penn	38.4500	40.0600	40.0600	40.0600	41.6000	42.2900	43.0900	43.7400	45.0100	46.0000

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, 2018  
 Current Year and Ten Years Ago  
 (Unaudited)

2018			2009		
Taxpayer	Assessed Value	Percentage of Total Assessed Value	Taxpayer	Assessed Value	Percentage of Total Assessed Value
Redwood ERC Concord LLC	\$ 138,565,956	0.44 %	Concord Campus	\$ 105,507,838	0.35 %
Chester Downs & Marina LLC	118,650,000	0.38	Radnor Center Associates	68,954,300	0.23
Prospect Crozer LLC	84,774,417	0.27	SDG Macerich Prop. Ltd.	64,130,000	0.21
Radnor Center Associates	78,305,750	0.25	SAP America Inc	57,509,000	0.19
SAP America Inc	68,954,300	0.22	Exelon Generation Company	52,509,000	0.17
Exelon Generation Company	57,509,000	0.18	KS Springfield	51,935,000	0.17
KS Springfield	56,264,830	0.18	Campus Investors Office	50,466,000	0.17
White Horse Village	52,500,000	0.17	Radnor Properties SDC	48,965,641	0.16
Radnor Properties	51,406,800	0.16	Boeing Co.	42,873,500	0.14
Boeing Co.	49,058,970	16.00	CNL Retirement	42,000,000	0.14
	<u>\$ 755,990,023</u>	<u>0.02 %</u>		<u>\$ 584,850,279</u>	<u>1.93 %</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, 2018

(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
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	2,171,374	162,020,548	97.5
2014	172,732,089	172,242,510	166,260,056	96.5	3,755,191	170,015,247	98.7
2015	172,931,485	172,708,552	166,201,838	96.2	3,735,934	169,937,772	98.4
2016	174,023,429	174,968,018	166,370,717	95.1	4,189,993	170,560,710	97.5
2017	176,546,321	176,117,013	169,363,895	96.2	1,791,660	171,155,555	97.2
2018	176,583,367	173,332,768	170,630,977	98.4	-	170,630,977	98.4

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		Business-Type Activity	Total Primary Government			
	General Obligation Debt	Deep Discount Bonds Net of Unamortized Discount					
2018	\$ 279,983,705	\$ -	\$ 25,405,656	\$ 305,389,361	1.4 %	498	0.9 %
2017	260,610,450	-	27,411,666	288,022,116	1.4	498	0.9
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

(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, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Delaware	\$ 279,983,705	100%	\$ 273,244,654
(Municipality):			
Aston Twp	15,442,000	100%	15,442,000
Bethel Township	126,291	100%	126,291
Brookhaven Twp	2,570,976	100%	2,570,976
Chester City	24,383,000	100%	24,383,000
Chester Township	53,626	100%	53,626
Clifton Heights Borough	1,561,968	100%	1,561,968
Collingdale Borough	173,200	100%	173,200
Colwyn Borough	424,000	100%	424,000
Concord Township	12,856,188	100%	12,856,188
Darby Borough	6,535,000	100%	6,535,000
Darby Township	205,468	100%	205,468
Eddystone Borough	2,729,000	100%	2,729,000
Glenolden Borough	1,074,322	100%	1,074,322
Haverford Township	50,975,000	100%	50,975,000
Lansdowne Borough	2,479,362	100%	2,479,362
Marcus Hook Borough	1,265,295	100%	1,265,295
Marple Township	17,282,216	100%	17,282,216
Media Borough	4,316,000	100%	4,316,000
Middletown Township	9,738,645	100%	9,738,645
Morton Borough	575,103	100%	575,103
Nether Providence Twp.	4,422,231	100%	4,422,231
Newtown Township	11,986,000	100%	11,986,000
Norwood Borough	1,116,350	100%	1,116,350
Parkside Borough	336,325	100%	336,325
Prospect Park Borough	8,269	100%	8,269
Radnor Township	55,225,000	100%	55,225,000
Ridley Park Borough	708,259	100%	708,259
Ridley Township	147,831,878	100%	147,831,878
Rutledge Borough	188,093	100%	188,093
Springfield Township	2,552,000	100%	2,552,000
Swarthmore Borough	1,294,000	100%	1,294,000
Tinicum Township	12,324,000	100%	12,324,000
Upland Borough	1,309,693	100%	1,309,693
U. Chichester Township	3,013,013	100%	3,013,013
Upper Darby Township	18,600,000	100%	18,600,000
Upper Providence Township	1,157,000	100%	1,157,000
Yeadon Borough	2,856,000	100%	2,856,000
			419,694,771
Direct borough/township debt			419,694,771

## County of Delaware, Pennsylvania

### Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
(School District):			
Chester-Upland	\$ 195,693,217	100%	\$ 195,693,217
Chichester	43,332,071	100%	43,332,071
Garnet Valley	104,105,000	100%	104,105,000
Haverford	110,210,355	100%	110,210,355
Interboro	52,950,000	100%	52,950,000
Marple-Newtown	65,580,000	100%	65,580,000
Penn Delco	88,305,000	100%	88,305,000
Radnor	88,153,675	100%	88,153,675
Ridley	67,619,799	100%	67,619,799
Rose Tree-Media	47,667,478	100%	47,667,478
Southeast Delco	49,910,358	100%	49,910,358
Springfield	100,550,000	100%	100,550,000
Upper Darby	21,463,226	100%	21,463,226
Wallingford Swarthmore	72,682,000	100%	72,682,000
William Penn	50,351,667	100%	50,351,667
Direct school district debt			<u>1,158,573,846</u>
Subtotal, overlapping debt		100%	<u>1,578,268,617</u>
Total direct and overlapping debt		100%	<u><u>\$ 1,851,513,271</u></u>

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, 2018

(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Borrowing Base Revenues (1)	\$ 538,675,759	\$ 534,473,234	\$ 515,539,248	\$ 506,291,039	\$ 504,478,366	\$ 512,084,629	\$ 520,358,837	\$ 539,004,938	\$ 547,682,930	\$ 563,048,340
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	\$ 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	\$ 1,643,048,790	\$ 1,689,145,020
General Obligation Debt	\$ 339,184,638	\$ 343,081,951	\$ 329,830,465	\$ 332,519,000	\$ 338,836,000	\$ 319,599,000	\$ 327,081,000	\$ 301,517,000	\$ 288,022,116	\$ 301,024,000
Legal Debt Margin	\$ 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	\$ 1,355,026,674	\$ 1,388,121,020

(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, 2018

(Unaudited)

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2017	564,696	19,683,608	34,857	39.0	74,649	4.5%
2018	564,751	20,752,905	36,747	38.9	75,655	4.1%

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, 2018

(Unaudited)

2018			2009		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crozer-Keystone Health System	7,000	2.48%	Crozer-Keystone Health System	6,750	1.30%
Boeing Co.	4,425	1.57%	Boeing Co. (Rotorcraft Div.)	4,500	0.86%
Wawa Inc.	2,540	0.90%	Boeing Co. (Army Systems Div.)	4,000	0.77%
Delaware County	2,766	1.02%	Villanova University	2,725	0.50%
United Parcel Service, Inc.	3,000	1.06%	Wawa Inc.	2,450	0.46%
Villanova University	2,500	0.89%	Riddle Health System	1,900	0.39%
SAP America	2,300	0.81%	Acme Markets Inc.	1,675	0.34%
Upper Darby School District	2,500	0.89%	Keystone Mercy Health	1,600	0.33%
Main Line Health System	2,940	1.04%	SAP America	1,600	0.29%
Harrah's	1,500	0.53%	Elwyn Industries	1,550	0.29%
Widener University	1,560	0.55%	Harrah's	1,145	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, 2018  
 (Unaudited)

Function/Program	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government and administration	2,477	2,389	2,402	2,438	2,429	2,347	2,410	2,260	1,892	2,103
Judicial	718	669	690	692	687	656	674	657	616	634
Culture and recreation	14	15	17	17	17	17	17	17	18	17
Golf course	5	5	5	5	5	5	5	5	5	5
Fleet services	<u>4</u>	<u>4</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total	<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>	<u><u>2,538</u></u>	<u><u>2,766</u></u>

Source: Personnel Department

## County of Delaware, Pennsylvania

### Operating Indicators by Function/Program

#### Table 15

Last Ten Fiscal Years

December 31, 2018

(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	14
Recreation										
Rounds played	27,000	29,118	25,561	27,015	24,806	22,010	20,000	14,221	10,961	10,054
Garden plots	114	114	114	114	114	114	114	118	117	117
Summer Fest Events	49	47	49	50	50	50	49	49	49	49
Summer Fest Attendance	50,000	47,000	53,000	52,000	50,000	51,000	48,000	40,000	60,000	45,000
Health & Human Services										
Cases	57,266	67,479	69,037	69,994	69,994	33,364	34,698	59,004	59,586	68,266
Adoptions	836	809	719	701	714	720	725	62	60	34
Children in Foster Care	1,143	892	868	844	891	885	710	590	548	542
Mental Health Population	8,222	7,847	8,900	7,503	17,867	23,092	24,163	47,138	52,482	57,074
Judicial										
Cases										
Civil	1,191	1,230	1,428	1,639	1,862	11,837	11,399	11,522	10,869	8,821
Criminal	1,155	1,194	1,314	1,945	2,178	8,219	7,624	8,069	7,708	17,353
Solid Waste										
Residential Tonnage	244,590	238,406	230,358	217,700	213,195	211,852	211,349	209,153	211,971	220,196
Commercial Tonnage	132,920	130,847	136,125	140,694	147,684	155,443	164,887	164,796	165,024	177,183

Source: County Records

**County of Delaware, Pennsylvania**

Capital Asset Statistics by Function/Program

Table 16

Last Ten Fiscal Years

December 31, 2018

(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program										
General Government and Judicial										
Facilities	7	7	7	7	7	7	7	7	7	14
Vehicles	252	252	252	277	310	315	352	360	336	322
Recreation										
Parks	6	6	6	6	6	6	6	15	14	14
Golf Courses	1	1	1	1	1	1	1	1	1	1
Vehicles	14	14	14	14	14	14	14	14	9	9
Public Works										
Vehicles	1	1	1	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	1	1	1	1	0
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	1	1	1	1	-	-	-	23
Juvenile Facility										
Capacity	66	66	66	66	66	66	66	66	66	66
Vehicles	2	2	2	2	2	2	2	2	2	7
Human Services										
Caseloads	57,266	57,266	67,479	68,919	69,002	33,364	34,698	59,004	56,586	68,266
Vehicles	45	45	46	46	46	46	43	42	43	44
Infrastructure										
Bridges	43	43	43	43	43	43	43	43	43	43

Source: County Records

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