

**County of Delaware,
Pennsylvania**

Comprehensive Annual Financial Report
Year Ended December 31, 2017

Prepared by Joanne Phillips, Esq.
Controller



Candor. Insight. Results.

County of Delaware, Pennsylvania

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Introductory Section



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GOVERNMENT CENTER BUILDING
201 WEST FRONT STREET
MEDIA, PENNSYLVANIA 19063

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CONTROLLER

Thomas J. Burke
CHIEF DEPUTY CONTROLLER

Rick Megaro, C.P.P.
DEPUTY CONTROLLER

Robert W. Scott, Esq.
SOLICITOR

June 27, 2018

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, 2017. This Comprehensive Annual Financial Report ("CAFR") was prepared by the Controller's Department in conjunction with the independent certified public accounting firm of Baker Tilly Virchow Krause, LLP, whose opinion accompanies the basic financial statements contained in the Financial Section of this report.

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

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

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

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

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

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

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

Controller's Department and Internal Controls

The Controller is the elected financial officer of the County and as such is independent of the executive and legislative branches of County government. The current Controller is a licensed 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 ensures the integrity of the County system of internal accounting controls and conducts internal control reviews on various departments and offices.

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

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

Further, in response to the Right to Know law in the Commonwealth of Pennsylvania, the County created an Open Records Office. This office is responsible for ensuring the County's compliance with the law and facilitating each citizen's right to access government documents. In 2017, the County's Open Records Office responded to 873 requests, all within the timeframe required by the law. In comparison, there were 542 requests in 2016.

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

Budgetary Controls

The County maintains budgetary controls to comply with legal provisions embodied in the annual budget adopted by County Council pursuant to the Home Rule Charter and Administrative Code. The County adopts an annual operating budget which is a legal document controlling expenditures, at the fund level, for the General Fund and the Liquid Fuels Special Revenue Fund. As indicated in the Financial Section of this report, the County has complied with such budgetary controls for the year ended December 31, 2017.

Financial Planning

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

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

Other Information

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2016. This was the 23rd consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Other Accomplishments and Initiatives

Voting Machines

Delaware County (County) began the process of identifying new technologies to replace its existing voting machines. The machines currently in use were purchased in 2006 and while they have served the voters in the County well, the Governor has mandated that all counties must utilize voting machines that provide "voter-verified" paper documentation of the individual's vote. The County is working closely with the PA Department of State to be informed of the manufacturers who have achieved full compliance with both federal and state certifications. The County also desires to acquire replacement machines that most closely replicate the current version for ease of transition to a new voting system.

County-wide Reassessment

The County also began the process of implementing a court-ordered re-assessment of all commercial and residential properties in the County. The County has contracted with a nationally recognized firm to provide assessments of approximately 202,000 properties in the County. The process is lengthy and detailed with a goal for full transparency, fairness and equity. The new valuations will go into effect in 2021.

WalkWorks Program

The County departments of Intercommunity Health and Planning collaborated on the *WalkWorks* program initiative, which is a partnership with the Pennsylvania Department of Health and the University of Pittsburgh School of Public Health. *WalkWorks* seeks to increase the opportunity for physical exercise for County residents by establishing community-based walking routes and forming sustainable walking groups. In addition to increasing physical activity, the goal of *WalkWorks* is also to encourage local and regional planning efforts so that pedestrians as well as bicyclists are considered, and improvements are made to the existing transportation networks that will allow residents to enjoy walking safely in their communities.

Delaware County Heroin Task Force

The County continued its efforts to halt the devastation the opioid crisis is having on its residents. As across the country, Delaware County has battled the effects of prescription drug abuse and heroin use for the past several years. In addition to several life-saving initiatives established previously by the County's Heroin Task Force (Task Force), a new program addressing job readiness and employment for women in recovery was created. The County Office of Workforce Development, in partnership with the local Chamber of Commerce and education and recovery providers, designed and implemented a program with the goals of: building confidence and self-esteem, enhancing interview skills, providing career coaching and connecting to employment opportunities. In addition, recognizing that the abuse of prescription drugs has been shown to be a gateway to heroin use, the Task Force also launched a "Mobile Drug Collection Unit" to supplement its existing 40 drug drop boxes currently installed throughout the County, which offers residents a safe and effective way to remove unused or unneeded prescription medicines from their homes.

Transportation Plan

In 2017, the County adopted the *Delaware County Transportation Plan* (Plan), which establishes a unified vision for the County's transportation network. The Plan outlines a long-range strategy for the movement of people and goods throughout the County. By examining existing conditions and emerging trends, the plan highlights opportunities to improve, expand, and integrate the County's transportation network. The Plan emphasizes the importance of making the County's transportation more multimodal to provide safe, efficient and reliable transportation for all users and is a component of *Delaware County 2035*, the County's comprehensive plan.

Delaware County Walking Trails

The County celebrated the ribbon-cutting for Chester Creek Trail Phase I in April 2017. This nearly 3-mile long scenic trail offers elevated views of the creek for recreation and fitness and provides access to some of Delaware County's earliest historical sites including mills of the Industrial Revolution era. The County received grant funding to continue this momentum and began engineering and design for Phase II, a 1.5-mile extension of the trail into Aston Township. Construction also began on the first phase of the Darby Creek Trail, a one-mile multi-use path connecting the County's Kent Park and the historic Swedish Cabin in Upper Darby Township. Additionally, the County and municipalities were awarded more than \$4.2 million in grant funding from state and federal agencies to support open space preservation, park improvement, and trail projects across the County.

Acknowledgments

I would like to acknowledge the cooperation that I received from the entire staff of the Controller's Department and the various Department officials throughout the County in the preparation of this report. I would also like to thank the current Chairman and Members of County Council as well as our Budget Director and Executive Director for their interest and support in planning and 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 citizens. 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

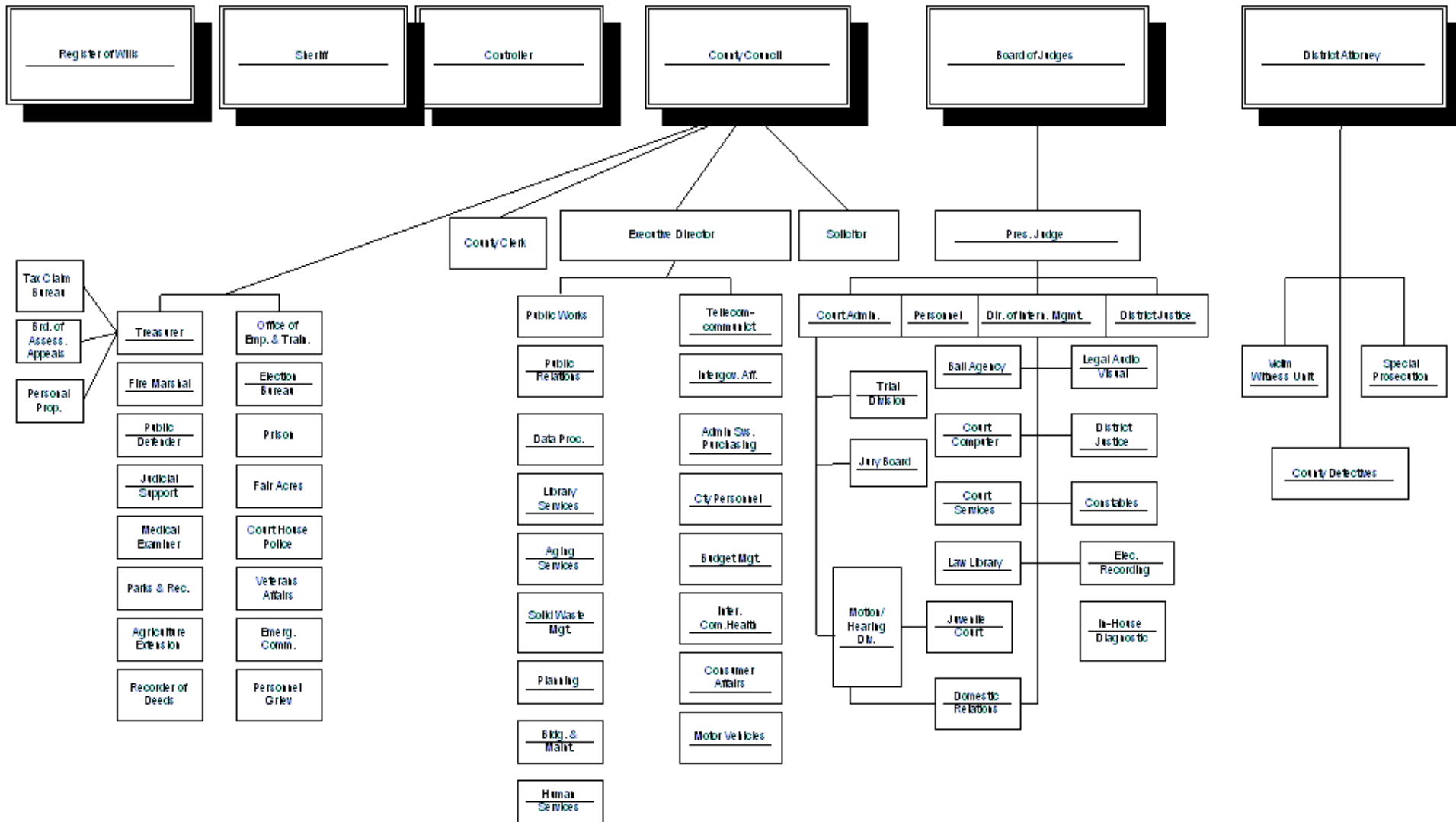
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Organizational Chart

ELECTORATE DELAWARE COUNTY



County of Delaware, Pennsylvania

Principal County Officials

December 31, 2017

Council

Mario J. Civera, Jr. - Chairman

Colleen P. Morrone - Vice Chairman

John P. McBlain - Member

David J. White - Member

Michael Culp - Member

Controller

Edward E. O'Lone, CPA

District Attorney

John J. Whelan, Esq.

Register of Wills

Jennifer Holsten Maddaloni, Esq.

Sheriff

Mary McFall Hopper

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, 2017

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

Chad F. Kenney

James P. Bradley

Mary Alice Brennan

Gregory M. Mallon

Linda A. Cartisano

Spiros E. Angelos

G. Michael Green

Nathaniel C. Nichols

Christine Fizzano Cannon

John P. Capuzzi, Sr.

Richard P. Cappelli

William C. Mackrides

Anthony D. Scanlon

Margaret J. Amoroso

Dominic F. Pileggi

Senior Judges

Ann A. Osborne

Michael F. X. Coll

Frank T. Hazel

Charles B. Burr, II

Financial Section

Independent Auditors' Report

County Council
County of Delaware, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delaware, Pennsylvania (the "County"), as of and for the year ended December 31, 2017, 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, 2017, 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.

Emphasis of Matter

As disclosed in Notes 1 and 22 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2017 to conform with accounting principles generally accepted in the United States of America. The County recognized its net other post-employment benefit liability, restated its beginning net position for this adoption, expanded its note disclosures and included required supplementary information with respect to other post-employment benefit liability. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 18 through 30, Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios, Schedule of Changes in the County's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns on pages 90 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules on pages 94 through 121 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
June 27, 2018

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis ("MD&A") is intended to provide a narrative overview and analysis of the financial activities of the County of Delaware for the year ended December 31, 2017 compared to 2016. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter preceding this Management Discussion and Analysis which can be found on pages 5-9 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

Financial Highlights

During 2017, the County's total net position as shown in the government wide statements decreased by \$280 million. This decrease in net position is primarily attributable to the adoption of Governmental Accounting Standards Board Statement ("GASB") No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45. Adoption of GASB Statement No.75 resulted in the restatement of the opening net position of the County by \$(240) million, this is the result of the standard requiring recognition of the full net other post-employment benefit liability as of the beginning of the year. Prior to the adoption of this standard the other post-employment benefit liability was being recognized on an amortized basis over a term of 30 years in accordance with GASB Statement No. 45. The following is a summary of the key changes as a result of the adoption of GASB Statement No. 75:

- The County must now recognize the total other post-employment benefit (OPEB) liability, as opposed to an amortized portion of the liability (the Net OPEB Obligation).
- The annual OPEB expense replaces the Annual Required Contribution (ARC), with faster recognition than what was previously required.
- Entry age normal cost method is required to determine liability.
- Discount rate is based on employer's assets and calculation of Actuarial Determined Contribution if prefunding. Since the County's plan is unfunded, a 20 year tax exempt municipal bond yield rate is utilized.
- Enhanced disclosures of historical contributions, funded status and basis for actuarial assumptions is required.
- Description of any benefit and assumption changes as well as an expanded Notes section and Required Supplementary Information (RSI) requirement.

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.

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 31-33 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.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

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

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

The basic governmental fund financial statements can be found on pages 34-38 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 39-41 of this report.

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 42-43 of this report.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-89 of this report.

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

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

General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2017 was approximately \$248 million. This was an increase of approximately \$3 million or 1.22% from the prior year final budget. There were no council amendments to the 2017 General Fund budget. Taking into account total expenditures and operating transfers, the County experienced an overall favorable budgetary variance of approximately \$18 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 \$(34,971,630).

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
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 409	\$ 402	\$ 23	\$ 25	\$ 432	\$ 426	1.17 %
Capital assets	174	173	10	10	184	183	0.55
Total assets	583	575	33	35	616	610	0.98
Deferred outflows	45	35	10	18	55	53	3.77
Other liabilities	150	137	9	9	159	146	8.90
Long-term liabilities outstanding	735	450	26	33	761	483	57.56
Total liabilities	885	587	35	42	920	629	46.26
Net position:							
Net investment in capital assets	(35)	(41)	(17)	(19)	(52)	(60)	(13.33)
Restricted	5	8	-	-	5	8	(37.50)
Unrestricted	(227)	56	25	30	(202)	86	>(100.00)
Total net position	\$ (257)	\$ 23	\$ 8	\$ 11	\$ (249)	\$ 34	(832.35) %

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
	2017	2016	2017	2016	2017	2016	
Program revenues:							
Charges for services	\$ 31	\$ 26	\$ 70	\$ 74	\$ 101	\$ 100	1.00 %
Operating grants and contributions	339	355	-	-	339	355	(4.51)
Capital grants and contributions	6	7	-	-	6	7	(14.29)
General revenues:							
Property taxes	174	172	-	-	174	172	1.16
Gaming revenue	8	8	-	-	8	8	0.00
Other	2	1	1	-	3	1	200.00
Investment earnings	1	1	-	2	1	3	(66.67)
Total revenues	<u>561</u>	<u>570</u>	<u>71</u>	<u>76</u>	<u>632</u>	<u>646</u>	<u>(2.17)</u>
Program expenses:							
General government	184	139	-	-	184	139	32.37
Judicial	47	48	-	-	47	48	(2.08)
Corrections	73	70	-	-	73	70	4.29
Health and human services	282	293	-	-	282	293	(3.75)
Highways, streets and bridges	5	5	-	-	5	5	0.00
Interest on long-term debt	5	5	-	-	5	5	0.00
Geriatric center	-	-	79	80	79	80	(1.25)
Total expenses	<u>596</u>	<u>560</u>	<u>79</u>	<u>80</u>	<u>675</u>	<u>640</u>	<u>5.47</u>
Net revenue (expense) before transfers	<u>(35)</u>	<u>10</u>	<u>(8)</u>	<u>(4)</u>	<u>(43)</u>	<u>6</u>	<u>(816.67)</u>
Transfers	<u>(5)</u>	<u>(4)</u>	<u>5</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>0.00</u>
Change in net position	(40)	6	(3)	-	(43)	6	(816.67)
Net position, beginning	23	17	11	11	34	28	(21.43)
Effect of adoption of GASB 75	<u>(240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>100.00</u>
Net position, ending	<u>\$ (257)</u>	<u>\$ 23</u>	<u>\$ 8</u>	<u>\$ 11</u>	<u>\$ (249)</u>	<u>\$ 34</u>	<u>(832.35) %</u>

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Governmental activities. Governmental activities decreased the County's net position by approximately \$280 million. Key element of this decrease are a result of the following:

- The adoption of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45 decreased opening net position by approximately \$240 million and a decrease to current year net position of an additional \$43 million.
- Operating grants and contributions decreased by approximately \$16 million primarily resulting from decreases health and human service grants and timing of when the related grant costs were incurred.
- General government expenditures increased approximately \$45 million primarily as a result of changes in long term liabilities, including the \$49 million increase in the other post-employment benefit liability and related deferred outflows, which was partially offset by the decrease in the net pension liability and repayments on long term debt.
- The operating transfer from the General Fund to the Geriatric Center increased by approximately \$1 million.

Business-type activity. Business-type activities decreased the County's net position by approximately \$3 million. Key element of this decrease are a result of the following:

- The Geriatric Center's revenue decreased by approximately \$4 million, the result of a decrease in overall bed occupancy primarily Medicaid patients. Bed occupancy decreased due to increased competition from other long-term care facilities and increased home healthcare availability. In addition, during 2017, 86 beds were temporarily taken out of service in anticipation of a major renovation.
- An \$8 million increase in the contractual allowance applied to revenues was offset by an \$8 million increase in supplemental payment received from the PA Department of Public Welfare.
- The County's Geriatric Center costs were relatively flat in 2017 when compared to 2016.

Financial Analysis of the Major Funds

General Fund

Revenues of the general fund totaled \$240,476,402 for the year ended December 31, 2017. The following represents a summary of general fund revenue, by source, along with changes from 2016:

	2017 Amount	2016 Amount	Increase (Decrease) from 2016	Percentage Increase (Decrease)
Real estate taxes	\$ 175,190,152	\$ 171,942,346	\$ 3,247,806	1.89 %
Gaming revenue	7,876,251	8,067,163	(190,912)	-2.37
Licenses and permits	47,373	53,704	(6,331)	-11.79
Investment earnings	747,537	531,435	216,102	40.66
General grants	24,135,982	24,578,290	(442,308)	-1.80
Charges for services, fines, and forfeits	22,385,940	22,650,651	(264,711)	-1.17
Other	10,093,167	10,200,330	(107,163)	-1.05
Total	<u>\$ 240,476,402</u>	<u>\$ 238,023,919</u>	<u>\$ 2,452,483</u>	<u>1.03 %</u>

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Real estate tax revenue was increased in 2017 compared to 2016, primarily as a result of a continued growth and expansion in certain parts of the County, resulting in increases in the tax base.

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

The increase in investment earnings is primarily the result of more favorable interest rates in 2017.

General fund expenditures totaled \$221,603,743 which represents an increase of \$343,803 or 0.16% from 2016. The following represents a summary of general fund expenditures for the year ended December 31, 2017, by source, along with changes from 2016:

	<u>2017 Amount</u>	<u>2016 Amount</u>	<u>Increase (Decrease) from 2016</u>	<u>Percentage Increase (Decrease)</u>
General government	\$ 24,554,072	\$ 24,788,550	\$ (234,478)	-0.95 %
Judicial	46,892,638	47,579,146	(686,508)	-1.44
Corrections	70,043,431	67,953,351	2,090,080	3.08
Transportation	7,816,883	7,572,663	244,220	3.23
Other	49,492,459	50,057,862	(565,403)	-1.13
Debt service:				
Principal	16,386,211	16,314,207	72,004	0.44
Interest	6,418,049	6,994,161	(576,112)	-8.24
Total	<u>\$ 221,603,743</u>	<u>\$ 221,259,940</u>	<u>\$ 343,803</u>	<u>0.16 %</u>

General government expenditures decreased primarily as a result of decreased costs related to Facilities Management, the Parks and Recreation department, Voter Registration, Telecommunications, Tax Assessment and Bureau of Elections.

Judicial costs decreased mainly as a result of lower juvenile placement, Court Administrator, District Justice and Juvenile Detention Center costs experienced in 2017.

Corrections expenditures increased primarily as a result of increased contractual costs related to the County Prison and the Criminal Investigation Division. Other departments that experienced cost increases over the prior year include the office of the District Attorney, Medical Examiner, Public Defender and Sheriff.

Transportation costs rose as a result of an increase in the statutory funding requirement to SEPTA for 2017.

Other expenses decreased primarily due to a decrease in employee benefit expense of approximately \$1.7 million partially offset by an increase insurance expense approximately \$1 million. The decrease in employee benefit expense is primarily the result of reductions in healthcare claims costs. The increase in insurance costs is mainly the result of increases to the workers compensation liability.

The overall decrease in the debt service expenditure amount is primarily due to reductions in interest on balances outstanding in 2017.

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	\$ 171,198,000	\$ 171,198,000	\$ -
Gaming revenue	8,400,000	8,400,000	-
Licenses and permits	37,000	37,000	-
General grants	28,323,000	28,323,000	-
Charges for services, fines and forfeits	24,119,000	24,119,000	-
Investment earnings	475,000	475,000	-
Other	9,060,000	9,060,000	-
Total revenues	<u>241,612,000</u>	<u>241,612,000</u>	<u>-</u>
Expenditures:			
General government	27,405,000	27,478,000	73,000
Judicial	57,151,000	57,151,000	-
Corrections	72,499,000	72,609,000	110,000
Transportation	7,896,000	7,896,000	-
Other	63,319,000	59,338,000	(3,981,000)
Debt service:			
Principal	20,066,000	17,334,000	(2,732,000)
Interest	8,148,000	6,448,000	(1,700,000)
Total expenditures	<u>\$ 256,484,000</u>	<u>\$ 248,254,000</u>	<u>\$ (8,230,000)</u>

Expenditures

General Government - The general government budget was increased as a result of unanticipated costs related to the offices of Solicitor and Intercommunity Health.

Corrections - The corrections budget was increased as a result of an unanticipated rise in the number of cases processed by the Medical Examiner's Office.

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.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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, 2017, the County expended \$9,525,330 for such projects, which represents an increase of \$319,483 from 2016. Capital Projects Fund balances at December 31, 2017 totaled \$14,779,620, of which \$5,475,000 is nonspendable for an investment pledged by the Delaware County Solid Waste Authority as a Department of Environment Protection Agency bonding requirement.

Health and Human Service Funds

The Health and Human Service Funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal and state grants, are restricted by law or other formal action to expenditures for specific purposes. The County match of \$6,922,992 in both 2017 and 2016 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 \$52,964,565 and \$58,532,699 respectively, for 2017. These amounts represent a decrease in revenue of (5.49)% and a decrease in expenditures of (0.28)% from 2016 amounts. The 911 program had a deficiency of revenues over expenditures of \$3,797,495, which is the County subsidy. The following programs had excess (deficiency) revenues over expenditures in 2017 as follows: Library - \$(68,461), Liquid Fuels - \$100,636, CDBG/Rehab program - \$(2,484,674), and Marcellus Shale - \$(62,140). The CDBG/Rehab program deficiency in revenues over expenditures was primarily related to the write-off of a \$2 million loan receivable balance as uncollectible.

Pension Trust Fund

The net position - reserved for employee's pension benefits was \$531,331,994. The funding status of the employees' pension trust fund remains sound.

Fund Balances

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

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$184,481,766 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements.

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Land	\$ 6,176,214	\$ -	\$ 6,176,214
Land improvements	9,984,966	-	9,984,966
Buildings and improvements	113,465,922	7,995,535	121,461,457
Equipment	25,034,757	2,393,020	27,427,777
Infrastructure	19,431,352	-	19,431,352
Total	<u>\$ 174,093,211</u>	<u>\$ 10,388,555</u>	<u>\$ 184,481,766</u>

Additional information on the County's capital assets can be found in Note 12 on page 66 of this report.

Long-Term Debt

As of December 31, 2017, the County's actual general obligation debt of \$281,567,000 is well below the legal limit of \$1,643,048,790 by \$1,361,481,790. Additional information on the County's long-term debt can be found at Note 16 on pages 71-74 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

2017 was another year of strong, consistent, economic growth in Delaware County. The County's unemployment rate of 3.7% remains below that of both the state and the nation. According to a Penn State study completed in April 2018, Delaware County is one of the top 5 Pennsylvania counties in resident employment growth in the 2008-2016 period, growing 7.8%.

In addition, Moody's investors Service affirmed the County's Aa1 rating in its 2017 Annual Comment report and the County's rating remains at AA with Standard & Poor's Ratings Services. The Moody's report stated that "Delaware County's credit position is excellent" and that the Aa1 rating "reflects an extensive tax base with a strong socioeconomic profile, and a healthy financial position."

Development and construction activity in all sections of the economy remain strong. Some examples are:

- The redevelopment of the 58 acre Granite Run mall site in Middletown Township. 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.
- Heading west on Baltimore Pike, Wawa has built a state-of-the-art facility at its Red Roof headquarters in Chester Heights which opened in May.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

- Also investing in our 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. Last fall, the 138 room Hilton Garden Inn opened, including a ballroom for weddings and events, once again making Delaware County an overnight destination. Phase 1 of the Shops at Ellis Preserve will round out with a Whole Foods set to open in the fall of this year along with townhomes and apartments.
- Upper Darby Township recently announced that MCB Real Estate is redeveloping the Drexeline 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.
- Another hotel, Fairfield Suites opened in Marple Township and major transformative campus construction projects have been launched at Villanova and Neumann Universities.
- Additionally, construction is well-underway for the Holiday Inn & Suites, which is set to open in August. This state-of-the-art hotel adjacent to the Drexelbrook Special Events Venue features bridal suites that offer stunning views of Darby Creek. It will add another hospitality asset to Drexelbrook's growing portfolio giving people attending weddings and banquets a place to stay during their visit.
- Development is booming in Media Borough, with several residential developments and apartment complexes completed or nearing completion. On the west end of town, the townhouse community, known as the West End Walk, is now completely sold out. On the east end of town, the Hampton Inn is well underway with recent construction taking place over the last few months. Completion is slated for August, with the facility expected to have some sort of liquor license and bar amenities.
- Our largest employer, Boeing, is currently undergoing an \$85 million renovation of its facilities in Delaware County including its 300,000-square-foot production facility, as well as 50,000 square feet of office space which is expected to be complete in March 2019. Boeing employs 4,600 people, works with 500 suppliers, spends \$500 million here and supports 13,000 indirect jobs across the state.

The County Commerce Center has created the County Accelerator in partnership with Headroom Inc. and the Service Corps of Retired Executives (SCORE), an affiliate of the Small Business Association (SBA). Seven (7) companies are currently enrolled at the Accelerator committed to growing the entrepreneurial job base of the County.

The Commerce Center has recently contracted with the Pennsylvania Department of Community and Economic Development to act as the agent for "Engage PA". The program will be implemented by County staff visiting individual businesses in the County to assess their needs and determine if particular government programs might be available to assist these companies in growing their businesses.

In summation, the Delaware County economy remains strong, diverse, vibrant and is positioned for continued growth.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Requests for Information

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

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

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

Basic Financial Statements

County of Delaware, Pennsylvania
Statement of Net Position

December 31, 2017

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
Assets				
Cash and cash equivalents	\$ 110,521,964	\$ 1,510,210	\$ 112,032,174	\$ 16,469,910
Receivables (net of allowance for uncollectibles):				
Taxes	6,942,492	-	6,942,492	-
Accounts	2,826,653	24,308,913	27,135,566	4,184,291
Grants	38,627,131	-	38,627,131	-
Notes	2,957,880	-	2,957,880	127,134
Other	6,118,107	-	6,118,107	63,346
Due from component units	7,482,387	-	7,482,387	-
Internal balances	3,861,404	(3,861,404)	-	-
Inventories	-	-	-	124,715
Other assets	6,932,882	1,063	6,933,945	1,031,247
Investments	-	-	-	10,500
Restricted cash and cash equivalents	33,508,651	946,918	34,455,569	2,874,404
Investment in joint venture	188,947,909	-	188,947,909	-
Capital assets (net of accumulated depreciation):				
Land	6,176,214	-	6,176,214	8,873,485
Land improvements	9,984,966	-	9,984,966	2,507,680
Buildings and improvements	113,465,922	7,995,535	121,461,457	21,534,331
Equipment	25,034,757	2,393,020	27,427,777	22,692,056
Infrastructure	19,431,352	-	19,431,352	-
Total assets	582,820,671	33,294,255	616,114,926	80,493,099
Deferred Outflows of Resources				
Deferred outflows of resources - other post-employment benefit liability	25,337,150	-	25,337,150	-
Deferred outflows of resources - pension	19,613,610	10,103,981	29,717,591	176,369
Total deferred outflows of resources	44,950,760	10,103,981	55,054,741	176,369
Total assets and deferred outflows	\$ 627,771,431	\$ 43,398,236	\$ 671,169,667	\$ 80,669,468
Liabilities				
Accounts payable and other current liabilities	\$ 37,577,258	\$ 5,973,724	\$ 43,550,982	\$ 3,444,787
Accrued interest payable	1,225,256	-	1,225,256	-
Other liabilities	34,041,490	-	34,041,490	-
Due to primary government	-	-	-	7,482,387
Unearned revenue	55,769,134	-	55,769,134	75,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	16,994,826	3,548,174	20,543,000	501,000
Claims payable	4,476,450	-	4,476,450	-
Early retirement incentives	163,529	-	163,529	-
Due in more than one year:				
Bonds and notes payable	243,615,624	23,863,492	267,479,116	7,890,000
Claims payable	1,745,008	-	1,745,008	-
Net other post-employment benefit liability	485,369,968	-	485,369,968	-
Net pension liability	3,872,103	1,994,720	5,866,823	-
Accrued closure costs	-	-	-	17,612,819
Total liabilities	884,850,646	35,380,110	920,230,756	37,005,993
Deferred Inflows of Resources				
Deferred inflows of resources - pension	196,249	101,098	297,347	236,295
Net Position				
Net investment in capital assets	(34,971,630)	(17,023,111)	(51,994,741)	47,216,552
Restricted for:				
Highways and streets	917,434	-	917,434	-
Infrastructure	-	-	-	-
Library	512,116	-	512,116	-
Community development	2,765,380	-	2,765,380	-
Title IV D program	627,277	-	627,277	-
Capital projects	19,141	-	19,141	-
Economic development	-	-	-	425,980
Solid waste	-	-	-	2,500,000
Unrestricted	(227,145,182)	24,940,139	(202,205,043)	(6,715,352)
Total net position	(257,275,464)	7,917,028	(249,358,436)	43,427,180
Total liabilities, deferred inflows and net position	\$ 627,771,431	\$ 43,398,236	\$ 671,169,667	\$ 80,669,468

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities

Year Ended December 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 183,986,484	\$ 16,724,286	\$ 46,591,232	\$ 1,858,738
Judicial	46,892,637	6,697,710	22,167,072	-
Corrections	72,354,669	7,457,984	786,959	-
Health and human services	282,351,418	-	268,202,995	-
Highways, streets and bridges	5,002,634	-	1,646,260	4,145,292
Interest on long-term debt	5,039,793	-	-	-
Total governmental activities	595,627,635	30,879,980	339,394,518	6,004,030
Business-type activity, Geriatric Center	79,364,283	70,158,446	-	-
Total primary government	\$ 674,991,918	\$ 101,038,426	\$ 339,394,518	\$ 6,004,030
Component Units				
Solid Waste Authority	\$ 43,338,005	\$ 35,980,045	\$ 66,564	\$ -
Economic Development	691,027	10,340	588,774	-
Waterfront Industrial Development Authority	978,833	-	-	-
Redevelopment Authority	7,029,356	-	6,855,847	-
Total component units	\$ 52,037,221	\$ 35,990,385	\$ 7,511,185	\$ -

General Revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning

Effect of adoption of GASB 75

Net Position, Ending

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

Governmental Activities	Business-Type Activity	Total	Component Units
\$ (118,812,228)	\$ -	\$ (118,812,228)	
(18,027,855)	-	(18,027,855)	
(64,109,726)	-	(64,109,726)	
(14,148,423)	-	(14,148,423)	
788,918	-	788,918	
(5,039,793)	-	(5,039,793)	
(219,349,107)	-	(219,349,107)	
-	(9,205,837)	(9,205,837)	
(219,349,107)	(9,205,837)	(228,554,944)	
			\$ (7,291,396)
			(91,913)
			(978,833)
			(173,509)
			(8,535,651)
174,050,740	-	174,050,740	-
7,876,251	-	7,876,251	-
1,826,875	-	1,826,875	-
-	1,196,714	1,196,714	(312,569)
1,198,207	2,378	1,200,585	67,598
(5,351,903)	5,351,903	-	-
179,600,170	6,550,995	186,151,165	(244,971)
(39,748,937)	(2,654,842)	(42,403,779)	(8,780,622)
22,769,471	10,571,870	33,341,341	52,207,802
(240,295,998)	-	(240,295,998)	-
<u>\$ (257,275,464)</u>	<u>\$ 7,917,028</u>	<u>\$ (249,358,436)</u>	<u>\$ 43,427,180</u>

See notes to financial statements

County of Delaware, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2017

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 68,000,952	\$ 225,671	\$ 22,724,632	\$ 15,447,936	\$ 106,399,191
Receivables:					
Taxes	7,744,892	-	-	-	7,744,892
Accounts	2,826,653	-	-	-	2,826,653
Grants	4,831,446	-	21,909,985	11,885,700	38,627,131
Notes	-	-	-	2,957,880	2,957,880
Other	128,410	-	-	-	128,410
Due from component units	2,007,387	5,475,000	-	-	7,482,387
Due from other funds	53,111,819	-	25,885,407	10,937,279	89,934,505
Other restricted assets	2,336,493	22,314,790	5,143,034	3,714,334	33,508,651
Other assets	791,315	-	3,697,733	153,743	4,642,791
Total assets	\$ 141,779,367	\$ 28,015,461	\$ 79,360,791	\$ 45,096,872	\$ 294,252,491
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Vouchers and accounts payable	\$ 10,685,491	\$ 536,577	\$ 23,432,117	\$ 2,923,073	\$ 37,577,258
Payroll payable	12,437,755	-	-	-	12,437,755
Payable from restricted assets	138,487	-	-	-	138,487
Due to other funds	40,474,727	12,699,264	13,101,685	19,606,019	85,881,695
Unearned revenues	2,003,333	-	38,254,792	15,511,009	55,769,134
Other liabilities	14,031,210	-	4,572,197	2,861,841	21,465,248
Total liabilities	79,771,003	13,235,841	79,360,791	40,901,942	213,269,577
Deferred Inflows of Resources, Unavailable revenues - taxes	6,715,678	-	-	-	6,715,678
Fund Balances:					
Nonspendable:					
Prepaid items	791,315	-	-	-	791,315
Restricted for:					
Highways and streets	-	-	-	917,434	917,434
Library	-	-	-	512,116	512,116
Community development	-	-	-	2,765,380	2,765,380
Title IV D program	627,277	-	-	-	627,277
Capital projects	-	14,554,406	-	-	14,554,406
Assigned to:					
Capital projects	-	225,214	-	-	225,214
Debt service costs	15,000,000	-	-	-	15,000,000
Employee healthcare costs	15,000,000	-	-	-	15,000,000
Unassigned	23,874,094	-	-	-	23,874,094
Total fund balances	55,292,686	14,779,620	-	4,194,930	74,267,236
Total liabilities, deferred inflows of resources and fund balances	\$ 141,779,367	\$ 28,015,461	\$ 79,360,791	\$ 45,096,872	\$ 294,252,491

County of Delaware, Pennsylvania

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position December 31, 2017

Amounts reported for governmental activities in the statement of net position
(page 31) are different because:

Total fund balance - total governmental funds (page 34)	\$ 74,267,236
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	363,041,120
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	6,715,678
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	5,989,697
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(802,400)
Accrued interest payable included on the statement of net position	(1,225,256)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds	
Bonds and notes payable	(260,610,450)
Early retirement incentives	(163,529)
Net other post-employment benefit liability	(485,369,968)
Net pension liability	(3,872,103)
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	25,337,150
Deferred outflows related to the net pension liability	19,613,610
Deferred inflows related to the net pension liability	(196,249)
Net position of governmental activities (page 31)	<u>\$ (257,275,464)</u>

County of Delaware, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2017

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Real estate taxes	\$ 175,190,152	\$ -	\$ -	\$ -	\$ 175,190,152
Gaming revenue	7,876,251	-	-	-	7,876,251
Licenses and permits	47,373	-	-	-	47,373
General grants	24,135,982	716,339	-	52,964,565	77,816,886
Charges for services, fines and forfeits	22,385,940	-	-	-	22,385,940
Investment earnings	747,537	168,222	-	-	915,759
Health and human service grants	-	-	268,202,995	-	268,202,995
Other	10,093,167	-	-	-	10,093,167
Total revenues	<u>240,476,402</u>	<u>884,561</u>	<u>268,202,995</u>	<u>52,964,565</u>	<u>562,528,523</u>
Expenditures					
Current:					
General government	24,554,072	-	-	-	24,554,072
Judicial	46,892,638	-	-	-	46,892,638
Corrections	70,043,433	-	-	-	70,043,433
Transportation	7,816,883	-	-	-	7,816,883
Health and human services	-	-	275,125,987	-	275,125,987
Highways, streets and bridges	-	-	-	4,924,406	4,924,406
Other	49,492,459	-	-	53,608,293	103,100,752
Debt service:					
Principal	16,386,211	-	-	-	16,386,211
Interest	6,418,049	514,354	-	-	6,932,403
Debt issuance costs	-	9,500	-	-	9,500
Capital outlay	-	9,525,330	-	-	9,525,330
Total expenditures	<u>221,603,745</u>	<u>10,049,184</u>	<u>275,125,987</u>	<u>58,532,699</u>	<u>565,311,615</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,872,657</u>	<u>(9,164,623)</u>	<u>(6,922,992)</u>	<u>(5,568,134)</u>	<u>(2,783,092)</u>
Other Financing Sources (Uses)					
Transfers in	865,000	200,000	13,845,984	4,092,776	19,003,760
Transfers out	<u>(16,393,390)</u>	<u>-</u>	<u>(6,922,992)</u>	<u>(1,039,281)</u>	<u>(24,355,663)</u>
Total other financing sources (uses)	<u>(15,528,390)</u>	<u>200,000</u>	<u>6,922,992</u>	<u>3,053,495</u>	<u>(5,351,903)</u>
Net Change in Fund Balances	3,344,267	(8,964,623)	-	(2,514,639)	(8,134,995)
Fund Balance, Beginning	<u>51,948,419</u>	<u>23,744,243</u>	<u>-</u>	<u>6,709,569</u>	<u>82,402,231</u>
Fund Balance, Ending	<u>\$ 55,292,686</u>	<u>\$ 14,779,620</u>	<u>\$ -</u>	<u>\$ 4,194,930</u>	<u>\$ 74,267,236</u>

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, 2017

Amounts reported for governmental activities in the statement of activities
(pages 32-33) are different because:

Net change in fund balances - total governmental funds (page 36)		\$ (8,134,995)
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	11,511,890	
Depreciation expense	<u>(10,211,741)</u>	1,300,149
Governmental funds report the County's budget contribution to SEPTA as expenditures. However, in the statement of activities the cost is capitalized as an investment in a joint venture and recognizes the amortization of the investment over the estimated life (See Note 14)		
Net investment in joint venture		2,730,053
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		(1,199,160)
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		(158,510)
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		(5,153,517)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2017 are as follows:		
Scheduled principal payments on long-term debt made in 2017	16,386,211	
Allocation of debt to business type activity for capital assets	1,846,630	
Accretion of bond and note premiums	<u>1,708,532</u>	19,941,373
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.		184,080
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		(49,466,820)
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		148,662
An allowance for doubtful collections of real estate taxes receivable is reported on the statement of net position, net of additional penalty and interest on delinquent taxes		<u>59,748</u>
Change in net position of governmental activities (pages 32-33)		<u>\$ (39,748,937)</u>

County of Delaware, PennsylvaniaStatement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual Comparison - General Fund
Year Ended December 31, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Real estate taxes	\$ 171,198,000	\$ 171,198,000	\$ 175,190,152	\$ 3,992,152
Gaming revenue	8,400,000	8,400,000	7,876,251	(523,749)
Licenses and permits	37,000	37,000	47,373	10,373
General grants	28,323,000	28,323,000	24,135,982	(4,187,018)
Charges for services, fines and forfeits	24,119,000	24,119,000	22,385,940	(1,733,060)
Investment earnings	475,000	475,000	747,537	272,537
Other	9,060,000	9,060,000	10,093,167	1,033,167
Total revenues	<u>241,612,000</u>	<u>241,612,000</u>	<u>240,476,402</u>	<u>(1,135,598)</u>
Expenditures				
Current:				
General government	27,405,000	27,478,000	24,554,072	2,923,928
Judicial	57,151,000	57,151,000	46,892,638	10,258,362
Corrections	72,499,000	72,609,000	70,043,433	2,565,567
Transportation	7,896,000	7,896,000	7,816,883	79,117
Other	63,319,000	59,338,000	49,492,459	9,845,541
Debt service:				
Principal	20,066,000	17,334,000	16,386,211	947,789
Interest	8,148,000	6,448,000	6,418,049	29,951
Total debt service	<u>28,214,000</u>	<u>23,782,000</u>	<u>22,804,260</u>	<u>977,740</u>
Total expenditures	<u>256,484,000</u>	<u>248,254,000</u>	<u>221,603,745</u>	<u>26,650,255</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,872,000)</u>	<u>(6,642,000)</u>	<u>18,872,657</u>	<u>25,514,657</u>
Other Financing Sources (Uses)				
Transfers in	7,671,000	7,671,000	865,000	(6,806,000)
Transfers out	(7,758,000)	(15,988,000)	(16,393,390)	(405,390)
Total other financing uses, net	<u>(87,000)</u>	<u>(8,317,000)</u>	<u>(15,528,390)</u>	<u>(7,211,390)</u>
Net Change in Fund Balance	<u>(14,959,000)</u>	<u>(14,959,000)</u>	<u>3,344,267</u>	<u>18,303,267</u>
Fund Balance, Beginning	<u>46,477,611</u>	<u>46,477,611</u>	<u>51,948,419</u>	<u>5,470,808</u>
Fund Balance, Ending	<u>\$ 31,518,611</u>	<u>\$ 31,518,611</u>	<u>\$ 55,292,686</u>	<u>\$ 23,774,075</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2017

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 1,510,210	\$ 4,122,773
Accounts receivable, net	24,308,913	-
Due from other funds	-	4,176,901
Restricted cash and cash equivalents	946,918	-
Prepaid expense and other assets	1,063	2,290,091
Total current assets	26,767,104	10,589,765
Noncurrent assets:		
Capital assets:		
Buildings and improvements	53,797,037	-
Equipment	40,285,971	-
Total capital assets	94,083,008	-
Less accumulated depreciation	(83,694,453)	-
Total capital assets / noncurrent assets	10,388,555	-
Deferred Outflows of Resources - Pension	10,103,981	-
Total assets and deferred outflow	\$ 47,259,640	\$ 10,589,765
Liabilities		
Current liabilities:		
Vouchers and accounts payable	\$ 5,973,724	\$ -
Due to other funds	3,861,404	4,368,307
Claims payable	-	4,476,450
General obligation bonds and notes - current	3,548,174	-
Total current liabilities	13,383,302	8,844,757
Noncurrent liabilities:		
General obligation bonds and notes payable	23,863,492	-
Claims payable	-	1,745,008
Net pension liability	1,994,720	-
Total noncurrent liabilities	25,858,212	1,745,008
Total liabilities	39,241,514	10,589,765
Deferred Inflows of Resources - Pension	101,098	-
Net Position		
Net investment in capital assets	(17,023,111)	-
Unrestricted	24,940,139	-
Total net position	7,917,028	-
Total liabilities, deferred inflow and net position	\$ 47,259,640	\$ 10,589,765

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2017

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Operating Revenues		
Charges for services	\$ 70,158,446	\$ 55,890,635
Operating Expenses		
Administration	12,582,223	129,939
Operation, maintenance, and housekeeping	11,676,695	-
Nursing	19,716,175	-
Dietary	7,294,857	-
Medical and physical therapy	5,911,237	-
Employee benefits	19,293,520	-
Insurance claims	-	55,762,102
Depreciation	1,751,703	-
Total operating expenses	78,226,410	55,892,041
Operating Loss	(8,067,964)	(1,406)
Nonoperating Revenues (Expenses)		
Investment earnings	2,378	1,406
Miscellaneous (expenses) revenues	1,196,714	-
Interest expense	(1,137,873)	-
Total nonoperating revenues, net	61,219	1,406
Transfers in	5,351,903	-
Change in Net Position	(2,654,842)	-
Net Position, Beginning	10,571,870	-
Net Position, Ending	\$ 7,917,028	\$ -

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2017

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 73,108,664	\$ 56,222,307
Payments to suppliers	(30,587,025)	(55,880,970)
Payments to employees for services	(37,801,255)	-
	<u>4,720,384</u>	<u>341,337</u>
Net cash provided by operating activities		
	<u>4,720,384</u>	<u>341,337</u>
Cash Flows from Capital and Related Financing Activities		
Acquisitions of capital assets	(1,844,381)	-
Proceeds of debt for purchase of capital assets	1,844,381	-
Principal paid on capital debt	(3,942,763)	-
Interest paid on capital debt	(1,137,873)	-
	<u>(5,080,636)</u>	<u>-</u>
Net cash used in capital and related financing activities		
	<u>(5,080,636)</u>	<u>-</u>
Cash Flows Provided by Investing Activities		
Interest received	2,378	1,406
	<u>2,378</u>	<u>1,406</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(357,874)	342,743
Cash and Cash Equivalents, Beginning	1,868,084	3,780,030
Cash and Cash Equivalents, Ending	<u>\$ 1,510,210</u>	<u>\$ 4,122,773</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (8,067,964)	\$ (1,406)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,751,703	-
Non-operating receipts from customers	1,196,713	-
Transfer in from general fund	5,351,903	-
Decrease in accounts receivable	971,787	-
Decrease (increase) in prepaid expense and other assets	558	147,059
Increase in net pension liability and deferred outflows	2,654,842	-
Increase (decrease) in due to other funds	102,452	331,673
Increase in vouchers and accounts payable	758,390	-
Decrease in claims payable	-	(135,989)
	<u>12,788,348</u>	<u>342,743</u>
Total adjustments		
	<u>12,788,348</u>	<u>342,743</u>
Net Cash Provided by Operating Activities	<u>\$ 4,720,384</u>	<u>\$ 341,337</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2017

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 12,044,169	\$ 52,366
Interest receivable	1,650,749	-
Investments, at fair value:		
U.S. government securities	51,725,965	-
Corporate bonds	58,074,285	-
Common and preferred stocks and stock funds	373,026,435	-
Guaranteed investment contracts	26,656,888	-
Annuity contracts	3,595,826	-
Asset-backed securities	313,580	-
Municipal bonds	4,744,106	-
	<u>518,137,085</u>	<u>-</u>
Total investments		
	518,137,085	-
Total assets	531,832,003	52,366
Liabilities		
Accounts payable and other liabilities	500,009	2,899
	<u>500,009</u>	<u>2,899</u>
Net Position		
Net position restricted for pensions and other	\$ 531,331,994	\$ 49,467
	<u>531,331,994</u>	<u>49,467</u>

See notes to financial statements

County of Delaware, Pennsylvania**Statement of Changes in Fiduciary Net Position**

Fiduciary Funds

Year Ended December 31, 2017

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
Additions		
Contributions:		
Plan members	\$ 10,584,568	\$ -
County	4,762,155	-
Total contributions	<u>15,346,723</u>	<u>-</u>
Investment earnings:		
Interest and dividends	9,520,721	6
Net appreciation in fair value of investments	60,684,046	-
Less investment expense	<u>(1,496,314)</u>	<u>-</u>
Net investment gain	<u>68,708,453</u>	<u>6</u>
Total additions	<u>84,055,176</u>	<u>6</u>
Deductions		
Death benefits	1,915,213	-
Refunds of contributions	2,246,809	-
Administrative expenses	-	16,418
Retirement allowance	<u>20,620,836</u>	<u>-</u>
Total deductions	<u>24,782,858</u>	<u>16,418</u>
Net Increase (Decrease) in Net Position	59,272,318	(16,412)
Net Position, Restricted for Pensions and Other, Beginning	<u>472,059,676</u>	<u>65,879</u>
Net Position, Restricted for Pensions and Other, Ending	<u>\$ 531,331,994</u>	<u>\$ 49,467</u>

See notes to financial statements

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports two proprietary funds:

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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

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

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

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

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

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

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

Budgetary Accounting Control

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

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

Cash Equivalents

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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 \$802,400 at December 31, 2017.

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, 2017, 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

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

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

Compensated Absences

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

Unearned Revenue

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

Grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2017, 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 periods following the initial outflow of resources, the outflow of resources will now be reported as a decrease in the previously reported deferred outflow of resources without a further change in net position.

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. In the periods following the initial inflow of resources, the inflow of resources will now be reported as a decrease in the previously reported deferred inflow of resources without a further change in net position.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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.

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

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

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

Net Position

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

The County adopted the Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45. Statement No. 75 addresses accounting and financial reporting for OPEB that are provided to the employees of state and local governmental. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures, including a sensitivity analysis of the discount rate and a healthcare cost trend rate assumptions used for the valuation, and required supplementary information about their OPEB liabilities. The County implemented the accounting and reporting requirements of GASB 75 as of January 1, 2017. The effect of this adoption decreased the County's net position at January 1, 2017 by \$240,295,998 for the recording of the County's net OPEB liability, and expanded note disclosures and required supplementary information.

The County adopted Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Statement No. 68, and Statement No. 73. Specifically, Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of Statement No. 82 resulted in the County presenting the covered payroll is the payroll on which contributions to a pension plan are based within the required supplementary information, as specified in the guidance.

2. Reporting Entity

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

Discretely Presented Component Units

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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

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

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

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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

Condensed Statement of Net Position					
December 31, 2017					
	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelop- ment Authority	Totals
Assets:					
Current assets	\$ 16,529,202	\$ 844,476	\$ 62,012	\$ 4,564,953	\$ 22,000,643
Long-term assets	2,510,500	371,206	-	3,198	2,884,904
Capital assets, net	<u>32,199,736</u>	<u>-</u>	<u>22,383,617</u>	<u>1,024,199</u>	<u>55,607,552</u>
Total assets	51,239,438	1,215,682	22,445,629	5,592,350	80,493,099
Deferred outflows of resources	<u>176,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,369</u>
Total	<u>\$ 51,415,807</u>	<u>\$ 1,215,682</u>	<u>\$ 22,445,629</u>	<u>\$ 5,592,350</u>	<u>\$ 80,669,468</u>
Liabilities:					
Current liabilities	\$ 3,719,699	\$ 118,924	\$ -	\$ 189,551	\$ 4,028,174
Long-term liabilities	25,502,819	-	-	-	25,502,819
Due to primary government	<u>7,475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,475,000</u>
Total liabilities	36,697,518	118,924	-	189,551	37,005,993
Deferred inflows of resources	<u>236,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,295</u>
Net position:					
Net investment in capital assets	23,808,736	-	22,383,617	1,024,199	47,216,552
Restricted	2,500,000	425,980	-	-	2,925,980
Unrestricted	<u>(11,826,742)</u>	<u>670,778</u>	<u>62,012</u>	<u>4,378,600</u>	<u>(6,715,352)</u>
Total net position	<u>14,481,994</u>	<u>1,096,758</u>	<u>22,445,629</u>	<u>5,402,799</u>	<u>43,427,180</u>
Total	<u>\$ 51,415,807</u>	<u>\$ 1,215,682</u>	<u>\$ 22,445,629</u>	<u>\$ 5,592,350</u>	<u>\$ 80,699,468</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

Condensed Statement of Activities For the Year Ended December 31, 2017

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelop- ment Authority	Totals
Program revenues:					
Charges for services	\$ 35,980,045	\$ 10,340	\$ -	\$ -	\$ 35,990,385
Operating grants and contributions	66,564	588,774	-	6,855,847	7,511,185
Total	36,046,609	599,114	-	6,855,847	43,501,570
Expenses:					
Operating expenses	38,586,476	691,027	-	7,029,356	46,306,859
Depreciation and depletion	4,751,529	-	978,833	-	5,730,362
Total	43,338,005	691,027	978,833	7,029,356	52,037,221
Net expense	(7,291,396)	(91,913)	(978,833)	(173,509)	(8,535,651)
General revenues(expense)	(318,535)	66,800	408	6,356	(244,971)
Change in net position	(7,609,931)	(25,113)	(978,425)	(167,153)	(8,780,622)
Net position, beginning	22,091,925	1,121,871	23,424,054	5,569,952	52,207,802
Net position, ending	<u>\$ 14,481,994</u>	<u>\$ 1,096,758</u>	<u>\$ 22,445,629</u>	<u>\$ 5,402,799</u>	<u>\$ 43,427,180</u>

Related Organizations

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

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

3. Component Units - Summary of Significant Accounting Policies

Solid Waste Authority

Basis of Accounting

The 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%, plus administrative fees of 10% and \$1,228,816 contingency charge that would anticipate covering unexpected changes in technology, inflation, or applicable laws and regulations.

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

The DEP raised the bonding requirement to the amount of \$20,714,788. In 2014, the Authority obtained a surety bond amounting to \$20,390,083 to cover post closure costs. In addition, the Authority has deposited \$2,500,000 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, 2017.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$17,612,819 and \$2,289,398 was charged against income in 2017. The estimated closure and post closure costs total \$22,360,208, comprised of \$4,869,201 of closure costs and \$17,491,077 of post closure costs. At December 31, 2017, there remains \$5,391,367 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

Inventory

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

Restricted Net Position

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

Capital Assets

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

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

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. The company has no obligation to accept any excess waste of the maximums noted. If the Company 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 2017, the DCSWA paid to Covanta \$14,397,059 which included insurance costs, for its County waste deliveries. Covanta paid to the DCSWA \$7,414,956 in residue charges.

Concentrations

The DCSWA derived 21% 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

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

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

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

Credit Risk

Concentration of credit risk is the risk of loss attributed to magnitude of the County's investment in a single issuer. Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. This does not apply to issues of the U.S. Treasury or other federal agencies.

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

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

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

At December 31, 2017, cash and cash equivalents consists of cash on hand of \$18,200, deposits with financial institutions of \$148,496,746, and cash equivalents of \$10,069,332 held in uninsured investment funds. At December 31, 2017, the carrying amount of deposits with financial institutions and the bank balance was \$148,496,746 and \$165,937,523, respectively. The differences were caused primarily by items in transit.

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, 2017, \$602,468 of the County's bank balance was insured by the Federal Deposit Insurance Corporation ("FDIC"). The remaining balance of \$165,335,055 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2017 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	\$ 165,335,055
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Custodial credit risk is the risk that in the event of a failure of the counterparty (trustee) to a transaction, the County will not be able to recover the value of its investment. The Board does not have a formal policy for custodial credit risk. As of December 31, 2017, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture, of \$528,206,417 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, 2017, the international equity fund represented approximately 18.6% of the total portfolio.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

The following is the carrying value (fair value) of deposits and investments at December 31, 2017:

	S&P Rating (1)(2)	Duration (Range) (1)	Fair Value
Cash and cash equivalents	N/A	N/A	\$ 158,584,278
Investments:			
U.S. government and agencies	AA+	1.32-3.97	1,633,505
	N/A	0.01-11.65	50,092,460
Corporate bonds	A-	0.50-5.14	9,510,749
	AA-	0.67-4.25	3,021,641
	A	0.41-5.22	8,544,079
	BBB+	0.36-5.18	12,798,860
	A+	0.57-4.24	6,965,999
	BBB	0.11-3.18	10,302,166
	AAA	3.49	255,350
	AA	0.47-0.96	779,366
	AA+	0.94-5.20	2,810,347
	BBB-	0.54-4.25	2,940,025
	N/A	0.37	145,703
Stocks	N/A	N/A	373,026,435
Guaranteed investment contracts	N/A	N/A	26,656,888
Annuity	N/A	N/A	3,595,826
Asset-backed securities	AAA	0.60	90,478
	A+	1.09	162,986
	N/A	0.40	60,116
Municipal bonds	A+	1.26-1.87	430,767
	AA+	0.77-4.76	607,648
	AAA	0.11-1.71	264,475
	AA	0.45-6.29	2,729,403
	AA-	0.07-3.69	609,091
	NR	1.41	102,722
			<u>518,137,085</u>
Total investments			<u>518,137,085</u>
			<u>\$ 676,721,363</u>

(1) N/A - not applicable

(2) N/R - not rated

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

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, 2017:

	<u>Cash and Cash Equivalent</u>	<u>Restricted Cash and Cash Equivalent</u>	<u>Investments</u>	<u>Total</u>
Governmental Activities	\$ 110,521,964	\$ 33,508,651	\$ -	\$ 144,030,615
Business-Type Activity	1,510,210	946,918	-	2,457,128
Pension Trust Fund	12,044,169	-	518,137,085	530,181,254
Deshong Private-Purpose Trust Fund	52,366	-	-	52,366
Total cash and cash equivalent and investments	<u>\$ 124,128,709</u>	<u>\$ 34,455,569</u>	<u>\$ 518,137,085</u>	<u>\$ 676,721,363</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, 2017:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Cash and cash equivalents	\$ 158,584,278	\$ 158,584,278	\$ 158,584,278	\$ -	\$ -	\$ 158,584,278
Common stock	373,026,435	373,026,435	373,026,435	-	-	373,026,435
Fixed income	114,857,936	114,857,936	114,857,936	-	-	114,857,936
Annuity contract	3,595,826	3,595,826	-	-	3,595,826	3,595,826
Guaranteed investment contracts	26,656,888	26,656,888	-	-	26,656,888	26,656,888
Total	<u>\$ 676,721,363</u>	<u>\$ 676,721,363</u>	<u>\$ 646,468,649</u>	<u>\$ -</u>	<u>\$ 30,252,714</u>	<u>\$ 676,721,363</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

Notes to Financial Statements

December 31, 2017

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, 2017, 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, 2017, 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, 2017, the DCSWA held \$11,666,392 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 \$2,500,000 which is included in restricted cash as of December 31, 2017. Per terms of the surety bond, the collateral deposit is protected from custodial credit risk.

At December 31, 2017, 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

Notes to Financial Statements
December 31, 2017

Economic Development Oversight Board

On December 31, 2017, the total carrying amount of EDOB's checking and savings deposits was \$573,200 and the corresponding bank balance was \$582,196.

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, 2017, the IDA held \$62,012 in cash and cash equivalents and a corresponding bank balance of \$62,012.

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, 2017, the total carrying amount of RDA's checking, savings and escrow deposits was \$4,542,710 and the corresponding bank balance was \$4,543,110.

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% discount February 1 through April 1; face amount April 2 through June 1; and 10% penalty after June 2. The County bills and collects its own property taxes and revenues are recognized in the period in which they become susceptible to accrual, which is when they become both measurable and available. Real estate taxes receivable are recorded net of an allowance for uncollectibles totaling \$802,400 as of December 31, 2017 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, 2017, the millage rate was .5609%.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

8. Other Receivables

Other receivables of \$6,118,107 in the governmental activities consist of amounts due from the City of Chester of \$5,989,697 (Note 28) and various other receivables of \$128,410.

9. Accounts and Grants Receivable, Net

Accounts receivable, net of \$24,308,913 in the business-type activity consists of amounts due from the Commonwealth of Pennsylvania Department of Public Welfare Medical Assistance of \$7,703,386; Private Pay Patients of \$15,743,977; Medicare Part A and B of \$1,500,802 and other patient-related receivables of \$1,107,923. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$1,747,175 at December 31, 2017.

Accounts receivable, net of \$2,826,653 in the governmental activities consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$1,506,366 and various miscellaneous receivables of \$1,320,287.

Grants receivable, net of \$38,627,131 in the governmental activities consists of amounts due from Federal agencies and the Commonwealth of Pennsylvania.

10. Component Units - Accounts Receivable, Net

The DCSWA manages the County owned transfer stations and is responsible for the receipt and transfer of solid waste materials as provided by commercial or private haulers. Beginning in January 1995, it was determined by agreement between the DCSWA and the County that the fees and permits collected from commercial or private haulers would remain with the DCSWA and represent income. Fees that were due relative to the receipt of solid waste at December 31, 2017 are represented by receivables in the amount of \$2,548,158, net of an allowance for doubtful accounts of \$92,191. 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, 2017 totaled \$1,636,133, net of an allowance for doubtful accounts of \$109,525.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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, 2017, restricted cash and cash equivalents are held for the following:

Primary government:

District Attorney Escrow Funds representing monies confiscated from arrested individuals, who ultimately will be distributed based upon court order. The aggregate amount has been classified as other restricted assets on the General Fund balance sheet	\$ 261,693
Marcellus Shale Funds are restricted pursuant to PA Act 13, for replacement or repair of locally owned at-risk deteriorated bridges and the planning acquisition, development rehabilitation and repair of greenways, recreational trails, open space, natural areas, community conservation and beautification projects, community and heritage parks and water resources management	3,714,334
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	1,385
Capital Project Funds to be utilized for various capital improvement projects as defined in the corresponding note agreements	22,295,535
Capital Project Funds to be utilized for Help America Vote Act Program	17,870
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	5,143,034
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>946,918</u>
Total	<u>\$ 34,455,569</u>

Component units:

Delaware County Solid Waste Authority deposited funds with an escrow agent to be used for the payment of closure and post closure care costs	\$ 2,500,000
Delaware County Economic Development Oversight Board maintains restricted cash related to Community Development Block Grant revolving loan fund requirements	371,206
Delaware County Redevelopment Authority deposited funds with an escrow agent	<u>3,198</u>
Total	<u>\$ 2,874,404</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

12. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2017	Additions	Reclassifi- cations/ Disposals	December 31, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,176,214	\$ -	\$ -	\$ 6,176,214
Total capital assets not being depreciated	6,176,214	-	-	6,176,214
Capital assets being depreciated:				
Land improvements	21,444,064	1,122,336	-	22,566,400
Buildings and improvements	233,167,794	2,820,151	-	235,987,945
Equipment	104,254,073	3,422,464	(595,994)	107,080,543
Infrastructure	19,945,352	4,146,939	-	24,092,291
Total capital assets being depreciated	378,811,283	11,511,890	(595,994)	389,727,179
Less accumulated depreciation for:				
Land improvements	11,671,676	909,758	-	12,581,434
Buildings and improvements	117,572,095	4,949,928	-	122,522,023
Equipment	78,444,796	4,196,984	(595,994)	82,045,786
Infrastructure	4,505,868	155,071	-	4,660,939
Total accumulated depreciation	212,194,435	10,211,741	(595,994)	221,810,182
Total capital assets being depreciated, net	166,616,848	1,300,149	-	167,916,997
Governmental activities, capital assets, net	<u>\$ 172,793,062</u>	<u>\$ 1,300,149</u>	<u>\$ -</u>	<u>\$ 174,093,211</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

	January 1, 2017	Additions	Reclassifi- cations/ Disposals	December 31, 2017
Business-type activity, Geriatric Center: Capital assets being depreciated:				
Buildings and improvements	\$ 53,381,271	\$ 423,271	\$ -	\$ 53,804,542
Equipment	38,864,861	1,421,110	-	40,285,971
Total capital assets being depreciated	92,246,132	1,844,381	-	94,090,513
Less accumulated depreciation for:				
Buildings and improvements	44,948,456	860,551	-	45,809,007
Equipment	37,001,799	891,152	-	37,892,951
Total accumulated depreciation	81,950,255	1,751,703	-	83,701,958
Total capital assets being depreciated, net	10,295,877	92,678	-	10,388,555
Business-type activity, capital assets, net	<u>\$ 10,295,877</u>	<u>\$ 92,678</u>	<u>\$ -</u>	<u>\$ 10,388,555</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,839,790
Corrections	2,311,237
Public ways and facilities, including depreciation of general infrastructure assets	155,071
Health and human service	352,410
Recreation	511,823
Other	41,410
Total	<u>\$ 10,211,741</u>

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 68,388,593
General obligation bonds	270,160,900
General fund	18,242,824
State grants	18,654,262
Restricted 911 special revenue	20,456,814
Total	<u>\$ 395,903,393</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

13. Component Units - Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2017 was as follows:

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Reclassifi- cations/ Disposals</u>	<u>December 31, 2017</u>
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	11,308,290	1,481,024	(518,508)	12,270,806
Buildings and structures	13,629,279	150,359	-	13,779,638
Pad construction	73,889,207	-	-	73,889,207
Total capital assets being depreciated	<u>149,962,765</u>	<u>1,631,383</u>	<u>(518,508)</u>	<u>151,075,640</u>
Less accumulated depreciation and depletion for:				
Landfill	48,262,162	366,147	-	48,628,309
Machinery and equipment	9,739,714	569,056	(518,508)	9,790,262
Buildings and structures	11,472,045	576,288	-	12,048,333
Pad construction	52,168,960	3,240,040	-	55,409,000
Total accumulated depreciation and depletion	<u>121,642,881</u>	<u>4,751,531</u>	<u>(518,508)</u>	<u>125,875,904</u>
Total capital assets being depreciated or depleted, net	<u>28,319,884</u>	<u>(3,120,148)</u>	<u>-</u>	<u>25,199,736</u>
Capital assets, net	<u>\$ 35,319,884</u>	<u>\$ (3,120,148)</u>	<u>\$ -</u>	<u>\$ 32,199,736</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

The capital asset activity for the IDA for the year ended December 31, 2017 was as follows:

	January 1, 2017	Additions	Reclassifi- cations/ Disposals	December 31, 2017
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	6,851,836	978,833	-	7,830,669
Total capital assets being depreciated, net	22,513,164	(978,833)	-	21,534,331
Capital assets, net	<u>\$ 23,362,450</u>	<u>\$ (978,833)</u>	<u>\$ -</u>	<u>\$ 22,383,617</u>

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 2017, the County's budget contribution was \$9,466,922. As the investment in the joint venture is primarily related to capital purchases with estimable useful lives, typically of 15 to 30 years, the County determined the investment in the joint venture to have an estimated life of 30 years. Current year amortization of the investment was \$6,736,869. Included on the statement of net position is an investment in a joint venture totaling \$188,947,909 at December 31, 2017.

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

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

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, 2017:

	<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	\$ 280,551,823	\$ -	\$ (19,941,373)	\$ 260,610,450	\$ 16,994,826
Liability for claims payable	6,300,022	53,286,854	(53,365,418)	6,221,458	4,476,450
Liability for early retirement incentive	312,191	-	(148,662)	163,529	163,529
Governmental activity, Long-term liabilities	<u>\$ 287,164,036</u>	<u>\$ 53,286,854</u>	<u>\$ (73,455,453)</u>	<u>\$ 266,995,437</u>	<u>\$ 21,634,805</u>
Business-type activity, Liability for general obligation debt	<u>\$ 29,510,048</u>	<u>\$ 1,846,630</u>	<u>\$ (3,945,012)</u>	<u>\$ 27,411,666</u>	<u>\$ 3,458,174</u>

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

Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Liability for note payable	\$ 600,000	\$ -	\$ (600,000)	\$ -	\$ -
Liability for revenue notes payable	8,877,000	-	(486,000)	8,391,000	501,000
Liability for accrued closure costs	15,323,421	2,289,398	-	17,612,819	-
Long-term liabilities	<u>\$ 24,800,421</u>	<u>\$ 2,289,398</u>	<u>\$ (1,086,000)</u>	<u>\$ 26,003,819</u>	<u>\$ 501,000</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

16. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Outstanding at the beginning of the year	\$ 280,551,823	\$ 29,510,048	\$ 310,061,871
Issuance of debt	-	-	-
Bond premium on debt issuance	-	-	-
Allocation of debt for capital assets	(1,846,630)	1,846,630	-
Accretion of bond premiums	(1,708,532)	(381,223)	(2,089,755)
Retirements and repayments	<u>(16,386,211)</u>	<u>(3,563,789)</u>	<u>(19,950,000)</u>
Outstanding at end of year	<u>\$ 260,610,450</u>	<u>\$ 27,411,666</u>	<u>\$ 288,022,116</u>

Total balance includes the premiums of \$6,455,116. Actual debt outstanding was \$281,567,000 at December 31, 2017.

The outstanding balance at December 31, 2017 related to governmental activities of \$260,610,450 includes \$5,256,529 of debt used to fund the capital assets of SEPTA. The following summarizes general obligation debt, by type, outstanding at December 31, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Serial bonds and notes	\$ 254,155,334	\$ 27,411,666	\$ 281,567,000

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

A summary of general obligation debt outstanding at December 31, 2017 is as follows:

Year of Issue/ Final Maturity	Amount of Original Issue	Purpose	Outstanding at December 31, 2017	Current Portion
1997/2022	\$ 50,000,000	Fund SEPTA projects, building and park improvements, construction of a prison, and various other County projects	\$ 17,043,000	\$ 4,611,000
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	845,000	502,000
2007/2027	26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	14,350,000	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	23,805,000	680,000
2009/2019	54,750,000	Refund the 1999 General Obligation Note to reduce total debt service	14,460,000	7,065,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	45,150,000	5,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,995,000	1,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,996,000	1,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	45,160,000	2,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,998,000	1,000
2016/2021	49,420,000	Refund the 2005 bond to reduce total debt service	38,545,000	7,635,000
Total			<u>\$ 281,567,000</u>	<u>\$ 20,543,000</u>

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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

Amounts due by governmental funds are expected to be repaid from the General Fund. A summary of principal and interest maturities on general obligation serial bonds and notes outstanding at December 31, 2017 is presented below:

	<u>Principal Maturity</u>	<u>Interest Maturity ⁽¹⁾</u>	<u>Total Principal and Interest Maturities</u>
Years:			
2018	\$ 20,543,000	\$ 7,879,572	\$ 28,422,572
2019	21,104,000	7,313,834	28,417,834
2020	21,519,000	6,892,680	28,411,680
2021	22,145,000	6,267,124	28,412,124
2022	24,365,000	5,306,134	29,671,134
2023-2027	104,703,000	17,258,617	121,961,617
2028-2032	46,034,000	7,908,264	53,942,264
2033-2037	17,859,000	2,466,738	20,325,738
2038-2039	3,295,000	255,481	3,550,481
Total	<u>\$ 281,567,000</u>	<u>\$ 61,548,444</u>	<u>\$ 343,115,444</u>

⁽¹⁾ Includes interest at year-end rates for variable rate notes. Interest on the variable rate notes is paid and adjusted monthly based on certain factors. Actual interest expense on all long-term debt totaled \$8,267,418 for the year ended December 31, 2017.

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 \$204,757,000 is outstanding at December 31, 2017.

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

County of Delaware, Pennsylvania

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

As of December 31, 2017, 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	\$ 17,043,000	\$ 2,608,546	\$ 269,209
2002	12,220,000	1,870,353	291,107
2005	845,000	129,333	(4,067)
2007	14,350,000	2,196,364	(103,837)
2010	45,150,000	6,910,512	109,527
2012	19,995,000	3,060,369	(29,131)
2013	24,996,000	3,825,806	32,970
2014	45,160,000	6,912,042	527,327
2015	24,998,000	3,826,112	311,451

17. Component Unit - Notes Payable

Note Payable

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

Revenue Notes Payable

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

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

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

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

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

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

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

	<u>Principal</u>	<u>Interest</u>
Years ending:		
2018	\$ 501,000	\$ 244,674
2019	518,000	229,176
2020	534,000	213,154
2021	551,000	196,632
2022	568,000	179,586
2023-2032	<u>5,719,000</u>	<u>778,194</u>
Total	<u>\$ 8,391,000</u>	<u>\$ 1,841,416</u>

For the year ended December 31, 2017, interest expense amounted to \$420,653.

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 \$34,041,489 consists of \$12,437,755 of accrued payroll expenses, \$3,013,394 of accrued expense payable to vendors, \$8,048,422 of internal governmental transfer balance payable on behalf of Fair Acres, \$5,634,748 of refundable deposits held by the Sherriff's Office, Office of Judicial Support, and Recorder of Deeds, \$1,766,189 of delinquent tax settlements payable, \$1,079,456 of fund to be refunded or escheated, and \$2,061,525 of Sherriff's sale proceeds payable to creditors.

County of Delaware, Pennsylvania

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19. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2017 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 53,111,819	\$ 40,474,727
Capital Projects Fund	-	12,699,264
Health and Human Service Fund	25,885,407	13,101,685
Other Governmental Funds	10,937,279	19,606,019
Proprietary Fund	-	3,861,404
Internal Service Funds	4,176,901	4,368,307
	<u>\$ 94,111,406</u>	<u>\$ 94,111,406</u>
Total		

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

20. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component unit (the "DCSWA") at December 31, 2016, activity for 2017, and amounts due at December 31, 2017:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2016	\$ 2,000,000	\$ 5,475,000	\$ 7,475,000
Additions	7,387	-	7,387
Repayments	-	-	-
	<u>\$ 2,007,387</u>	<u>\$ 5,475,000</u>	<u>\$ 7,482,387</u>
Balance, December 31, 2017			

The County has made advances to the DCSWA from time to time for operations and or capital purchases and improvements. The DCSWA did not repay any amounts during 2017 on these advances. 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.

County of Delaware, Pennsylvania

Notes to Financial Statements
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21. Interfund Transfers

Interfund transfers for the year ended December 31, 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 865,000	\$ 16,393,390
Capital Projects	200,000	-
Health and Human Service Fund	13,845,984	6,922,992
Proprietary Fund	5,351,903	-
Other Governmental Funds	4,092,776	1,039,281
	<u>\$ 24,355,663</u>	<u>\$ 24,355,663</u>
Total		

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

22. Other 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 nineteen years of age. Dependent children in full-time attendance at an accredited secondary school, college or university may be included up to age twenty-three.

The Plan is unfunded and no financial report is prepared. The Count 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.

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Plan Membership

At December 31, 2017, 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>4,107</u>

Funding Policy

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

Net OPEB Liability of the County

The County net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Total other post employment benefit liability	\$ 485,369,968
Plan fiduciary net position	<u>-</u>
Net other post employment benefit liability	<u>\$ 485,369,968</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
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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. The actuarial method used is the entry age actuarial cost method, with normal cost calculated as a level percentage of covered payroll.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 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%

Salary increase rate - 3.50% per annum

County of Delaware, Pennsylvania

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Healthcare cost trend rates - the following health care cost trend assumptions were applied in 2017 and will reduce by 0.5% each year until the ultimate trend rate indicated is reached:

<u>Expense Type</u>	<u>2017 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% 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 3.44%. 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.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2017	\$ 410,565,998
Service cost	18,068,533
Interest	14,518,005
Changes of assumptions or other inputs	29,018,463
Contributions - employer	-
Investment income	-
Benefit payments	<u>13,198,969</u>
Balance at December 31, 2017	<u>\$ 485,369,968</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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:

	1% Decrease 2.44%	Current Discount Rate 3.44%	1% Increase 4.44%
2017 Net OPEB liability	\$ 588,207,373	\$ 485,370,00	\$ 406,946,402

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:

	1% Decrease (6.0% decreasing to 3.5)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5)	1% Increase (8.0% decreasing to 5.5)
2017 Net OPEB liability	\$ 405,640,000	\$ 485,370,000	\$ 587,928,000

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

For the year ended December 31, 2017, the County recognized OPEB expense of \$36,267,851.

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, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions and proportionate share	25,337,150	-
Total	\$ 25,337,150	\$ -

County of Delaware, Pennsylvania

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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:	
2018	\$ 3,681,313
2019	3,681,313
2020	3,681,313
2021	3,681,313
2022	3,681,313
Thereafter	<u>6,930,585</u>
Total	<u>\$ 25,337,150</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 employees of the County. The plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

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

At January 1, 2016, the measurement date, members of the plan was as follows:

Inactive plan members currently receiving benefits	1,557
Inactive plan members entitled to benefits but not yet receiving them	152
Current employees	<u>3,149</u>
Total membership	<u>4,858</u>
Number of participating employers	<u>1</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

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Benefits Provided

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

Funding Policy and Contributions

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

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

For 2017, the annual contribution by the County was \$4,762,155 based on the January 1, 2016 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) compounded annually, (b) projected salary increases of 3.5% per year, and (c) cost-of-living adjustments provided at the discretion of the Delaware County Employees' Retirement Board. Both (a) and (b) included an inflation component of 3.0%. The greater of the market value of assets as of the valuation date and the actuarial value of assets as of the prior valuation date plus contributions and other deposits except investment income minus benefit payments and administrative expenses or other payments plus credited interest at 1% less than the plans' assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120% and a minimum of 80% of the market value of assets as of the valuation date.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

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 2016 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 2016 measurement period are summarized in the above table.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was 7.90 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension asset of the Plan as of December 31, 2016 were as follows:

Total pension liability	\$ 477,926,499
Plan fiduciary net position	<u>472,059,676</u>
Plan net pension liability	<u>\$ 5,866,823</u>
Plan fiduciary net position as a percentage of total pension liability	<u>98.77%</u>

County of Delaware, Pennsylvania

Notes to Financial Statements
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Changes in the Net Pension Liability

The changes in the County's net pension liability during the year ended December 31, 2016 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2016	\$ 470,838,369	\$ 448,899,130	\$ 21,939,239
Changes for the year:			
Service cost	15,542,585	-	15,542,585
Interest cost	33,824,984	-	33,824,984
Difference between expected and actual experience	(363,424)	-	(363,424)
Change in assumption	(17,616,575)	-	(17,616,575)
Contributions - employer	-	5,160,038	(5,160,038)
Contributions - plan member	-	10,747,880	(10,747,880)
Net investment income	-	31,600,871	(31,600,871)
Benefit payments, including refunds	(24,299,440)	(24,299,440)	-
Administrative expense	-	(48,803)	48,803
Net changes	<u>7,088,130</u>	<u>23,160,546</u>	<u>(16,072,416)</u>
Balances at December 31, 2016	<u>\$ 477,926,499</u>	<u>\$ 472,059,676</u>	<u>\$ 5,866,823</u>

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, 2016 using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2016 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

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Discount Rate

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

Discount Rate Sensitivity

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.5%)</u>
Net pension liability (asset)	\$ 51,417,589	\$ 5,866,823	\$ (35,348,120)

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2017, the County recognized pension expense of \$5,160,038. At December 31, 2017, 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	\$ -	\$ (297,347)
Net difference between projected and actual earnings on plan investments	24,922,257	-
Changes in assumptions and proportionate share	4,762,155	-
Total	<u>\$ 29,684,412</u>	<u>\$ (297,347)</u>

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

Year ended December 31:	
2018	\$ 8,130,927
2019	8,130,927
2020	8,130,926
2021	291,713
2022	(26,404)

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24. Early Retirement Incentive

During 2014, the County offered an Early Retirement Incentive Plan (the "2014 Plan") which allowed employees and eligible spouses and dependents to retain their existing health care coverage for a period of 5 years through June 30, 2019. The employees were required to retire between February 20, 2014 and June 30, 2014. The 2014 Plan was a one-time voluntary incentive retirement program for full-time employees who were at least 60 with 3 full-time years of service or were at least 55 with at least 20 full-time years of service with the County as of their retirement date. The 2014 Plan included a life-time waiver of the contribution for spousal and dependent coverage. In addition, eligible employees can receive Medicare Part B premium reimbursement through June 30, 2019. The amount payable pursuant to this program was \$163,529 at December 31, 2017, which is included in both current and noncurrent liabilities in the statement of net position. The amounts payable are calculated at the discounted present value of future benefit payments.

25. Self-Insurance Program

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

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

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

*includes a \$365,000 corridor deductible

The County's reinsurance policy has provided sufficient coverage to the County such that no settlements within the past three years have exceeded the reinsurance coverage. The cost of providing this coverage is charged directly to the County fund which benefits from the coverage. Such charges are reflected as operating revenues into the self-insurance funds. Costs of the self-insurance program charged to the current year expenses were \$55,892,041, which includes insurance claims of \$55,792,102 and administrative costs of \$129,939. 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 \$704,403 for the fiscal year.

County of Delaware, Pennsylvania

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December 31, 2017

An analysis of the claims activity is presented as follows:

	2017			
	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Actual Claim Payments</u>	<u>Balance at End of Year</u>
Self-Insured Health Insurance Fund	\$ 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>

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

26. Other Revenues

Other revenues of \$10,093,167 in the governmental funds consist of funds received related to gaming proceeds for economic development of \$1,604,307; interest revenue from the City of Chester of \$440,958; rental income of \$723,388; funds received from the state equalization board of \$617,775; payments in lieu of taxes of \$146,093; revenues related to Act 164 Rideshare fees of \$873,221; and various other revenues of \$5,687,425.

27. 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 \$55,769,134 consists of the General Fund of \$2,003,333 representing grants and other fees, Health and Human Service of \$38,254,792 and Other Governmental Funds of \$15,511,009 representing grants received which were not earned at December 31, 2017.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2017

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

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

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 2017. The present value of this asset amounting to approximately \$5,989,697 has been recorded in other receivables on the government-wide statement of net position at December 31, 2017 (Note 8).

29. Commitments and Contingencies

Commitments

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

Future minimum lease payments for each of the five years subsequent to December 31, 2017 under the various leases are as follows:

Years ending December 31:	
2018	\$ 2,444,490
2019	2,238,071
2020	1,811,214
2021	256,670
2022	192,153
2023-2027	385,716
2028-2031	115,780
	<hr/>
Total	\$ 7,444,094

Total rental expense for these leases during 2017 was \$3,662,588.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2017

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, 2017.

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

30. New Accounting Pronouncements

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

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

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

In June 2017, the GASB issued Statement No. 87, *Leases*. Statement No. 87 improves accounting and financial reporting for leases by governments. GASB 87 will require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract. The County is required to adopt the provisions of Statement No. 87 for its calendar 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Statement No. 88 requires that additional information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default. The County is required to adopt Statement No. 88 for its calendar 2019 financial statements.

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

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Required Supplementary Information

County of Delaware, Pennsylvania

Required Supplementary Information

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

December 31, 2017

(Unaudited)

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 18,068,533
Interest cost	14,518,005
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	29,018,463
Benefit payments	<u>13,198,969</u>
Net change in total OPEB liability	74,803,970
Total OPEB Liability - Beginning	<u>410,565,998</u>
Total OPEB Liability - Ending	<u><u>\$ 485,369,968</u></u>
Covered-Employee Payroll (estimated)	\$ 167,229,090
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	290.24%

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.

County of Delaware, Pennsylvania

Required Supplementary Information

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

December 31, 2017

(Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 4,767,962	\$ 4,584,055	\$ 15,542,585
Interest	31,874,452	33,074,553	33,824,984
Difference between expected and actual experience	4,147,176	8,944,917	(363,424)
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>
Net change in total pension liability	15,523,198	22,685,627	7,088,130
Total Pension Liability - Beginning	<u>432,629,544</u>	<u>448,152,742</u>	<u>470,838,369</u>
Total Pension Liability - Ending (a)	<u>\$ 448,152,742</u>	<u>\$ 470,838,369</u>	<u>\$ 477,926,499</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 4,159,063	\$ 3,987,098	\$ 4,762,155
Employee contributions	10,929,265	10,301,611	10,747,880
Net investment income (loss)	25,701,117	(4,799,203)	31,600,871
Benefit payments, including refunds of member contributions	(25,266,392)	(23,917,898)	(24,299,440)
Administration	<u>(48,804)</u>	<u>(48,803)</u>	<u>(48,803)</u>
Net change in plan fiduciary net position	15,474,249	(14,477,195)	22,762,663
Plan Fiduciary Net Position, Beginning	<u>447,902,076</u>	<u>463,376,325</u>	<u>448,899,130</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 463,376,325</u>	<u>\$ 448,899,130</u>	<u>\$ 471,661,793</u>
Plan net pension liability - ending (a) - (b)	<u>\$ (15,223,583)</u>	<u>\$ 21,939,239</u>	<u>\$ 6,264,706</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.40%	95.34%	98.69%
Covered-Employee Payroll	\$ 134,056,126	\$ 130,961,008	\$ 135,127,843
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	(11.36)%	16.75%	4.64%

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.

County of Delaware

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 83,054	\$ 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
Contributions in Relation to the Actuarially Determined Contribution	85,455	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
Contribution Deficiency (Excess)	\$ (2,401)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 118,649,000	\$ 120,383,000	\$ 132,733,000	\$ 128,948,000	\$ 126,634,000	\$ 131,612,000	\$ 134,056,000	\$ 130,961,008	\$ 135,127,843	\$ 132,195,408
Contributions as a Percentage of Covered-Employee Payroll	0.07%	6.22%	5.09%	4.61%	5.64%	5.43%	3.10%	3.04%	3.82%	3.60%

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

Required Supplementary Information
Schedule of Investment Returns
December 31, 2017
(Unaudited)

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

Notes to Schedule:

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

**Combining Statements and Schedules
Governmental Fund Types**

County of Delaware, Pennsylvania
General Fund
Description of Fund
For the Year Ended December 31, 2017

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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Current			
General government:			
Administrative Services	\$ 123,000	\$ 224,998	\$ (101,998)
Board of Personnel Grievance	16,000	-	16,000
Budget Management	222,000	215,663	6,337
Bureau of Elections	793,000	769,971	23,029
Central Purchasing	329,000	326,072	2,928
Constables	1,397,000	1,215,940	181,060
Consumer Affairs	301,000	252,617	48,383
Controller	865,000	752,730	112,270
County Clerk	392,000	389,103	2,897
County Council	466,000	323,615	142,385
County Motor Vehicle Management	358,000	114,002	243,998
Court House & Park Police	1,189,000	1,046,788	142,212
Executive Director	1,049,000	866,292	182,708
Facilities Management	3,478,000	3,274,585	203,415
Information Technology	3,504,000	3,246,889	257,111
Intercommunity Health	364,000	351,265	12,735
Library Services	1,186,000	1,184,096	1,904
Parks and Recreation	1,762,000	1,543,635	218,365
Personnel	618,000	424,920	193,080
Planning	831,000	650,248	180,752
Public Works	221,000	125,221	95,779
Public Relations	296,000	215,580	80,420
Recorder of Deeds	734,000	494,439	239,561
Records and Archives	271,000	250,009	20,991
Risk Management	27,000	4,981	22,019
Self -Tax Collection	219,000	212,557	6,443
Solicitor	1,439,000	1,437,806	1,194
Tax Assessment	1,022,000	948,989	73,011
Tax Claim Office	1,166,000	1,042,716	123,284
Telecommunications	942,000	933,192	8,808
Treasurer	531,000	492,800	38,200
Veterans' Affairs	345,000	314,498	30,502
Voter Registration	456,000	390,258	65,742
Voting Machines	566,000	517,597	48,403
	<u>27,478,000</u>	<u>24,554,072</u>	<u>2,923,928</u>

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Judicial:			
Adult Probation and Parole	\$ 4,887,000	\$ 4,700,008	\$ 186,992
Bail Agency	976,000	915,983	60,017
Court Administrator	2,145,000	1,684,500	460,500
Court Support and Services	6,699,000	5,946,849	752,151
Diagnostic Services	782,000	615,427	166,573
District Justice	7,605,000	6,446,582	1,158,418
Domestic Relations	6,607,000	5,983,340	623,660
Electronic Record System	910,000	852,425	57,575
Financial Services	241,000	213,227	27,773
Juvenile Court	10,958,000	9,877,580	1,080,420
Juvenile Detention	4,435,000	3,540,736	894,264
Juvenile Detention Kitchen	657,000	464,575	192,425
Legal Audio Visual	235,000	177,215	57,785
Maintenance of Juveniles	10,014,000	5,474,191	4,539,809
	<u>57,151,000</u>	<u>46,892,638</u>	<u>10,258,362</u>
Total judicial			
Corrections:			
Community Corrections	1,004,000	951,862	52,138
County Clerk Services	857,000	735,746	121,254
Criminal Investigations Dept.	3,913,000	3,829,951	83,049
District Attorney	5,852,000	5,583,102	268,898
Judicial Support	1,561,000	1,319,456	241,544
Medical Examiner	887,000	886,858	142
Office of Support Enforcement	600,000	548,613	51,387
Prison	49,010,000	47,880,969	1,129,031
Public Defender	4,036,000	3,877,327	158,673
Register of Wills	646,000	514,764	131,236
Sheriff	4,114,000	3,806,622	307,378
Special Counsel - Indigent Prisoners	129,000	108,161	20,839
	<u>72,609,000</u>	<u>70,043,431</u>	<u>2,565,569</u>
Total corrections			
Transportation:			
Southeastern Pennsylvania Transportation Authority Subsidy	<u>7,896,000</u>	<u>7,816,883</u>	<u>79,117</u>

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Other:			
Agricultural Extension Service	\$ 140,000	\$ 138,141	\$ 1,859
Civil Defense	638,000	558,874	79,126
Employee Benefits	44,789,000	37,957,752	6,831,248
Insurance	6,750,000	6,346,084	403,916
Other County Expenditures	807,425	807,422	3
Other Programs and Grants	5,742,575	3,251,665	2,490,910
Soil Conservation	236,000	223,120	12,880
Training Center	235,000	209,401	25,599
Total other	<u>59,338,000</u>	<u>49,492,459</u>	<u>9,845,541</u>
Debt service:			
Principal	<u>17,334,000</u>	<u>16,386,211</u>	<u>947,789</u>
Interest	<u>6,448,000</u>	<u>6,418,049</u>	<u>29,951</u>
Total expenditures	<u>\$ 248,254,000</u>	<u>\$ 221,603,743</u>	<u>\$ 26,650,257</u>

County of Delaware, Pennsylvania
Health and Human Service Funds
Description of Sub-Funds
For the Year Ended December 31, 2017

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

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

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

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

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

County of Delaware, Pennsylvania

Combining Balance Sheet Schedule
Health and Human Service Sub-funds
December 31, 2017

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
Assets			
Cash and cash equivalents	\$ 22,724,632	\$ -	\$ -
Restricted cash	5,143,034	-	-
Grants receivable	3,019,738	402,590	1,296,596
Due from other funds	3,307,384	13,388,759	3,958,763
Other assets	3,693,352	4,381	-
	<u>37,888,140</u>	<u>13,795,730</u>	<u>5,255,359</u>
Total assets	<u>\$ 37,888,140</u>	<u>\$ 13,795,730</u>	<u>\$ 5,255,359</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 5,383,267	\$ 10,932,180	\$ 2,700,408
Due to other funds	39,359	-	-
Unearned revenues	32,465,514	2,633,013	2,257,998
Other liabilities	-	230,537	296,953
	<u>37,888,140</u>	<u>13,795,730</u>	<u>5,255,359</u>
Total liabilities	<u>37,888,140</u>	<u>13,795,730</u>	<u>5,255,359</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 37,888,140</u>	<u>\$ 13,795,730</u>	<u>\$ 5,255,359</u>

Drug Abuse	Child Care	Day Care	Total
\$ -	\$ -	\$ -	\$ 22,724,632
-	-	-	5,143,034
103,515	16,810,388	277,158	21,909,985
1,971,147	-	3,259,354	25,885,407
-	-	-	3,697,733
<u>\$ 2,074,662</u>	<u>\$ 16,810,388</u>	<u>\$ 3,536,512</u>	<u>\$ 79,360,791</u>

\$ 1,161,048	\$ 3,203,589	\$ 51,625	\$ 23,432,117
-	13,062,326	-	13,101,685
853,616	-	44,651	38,254,792
59,998	544,473	3,440,236	4,572,197
<u>2,074,662</u>	<u>16,810,388</u>	<u>3,536,512</u>	<u>79,360,791</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,074,662</u>	<u>\$ 16,810,388</u>	<u>\$ 3,536,512</u>	<u>\$ 79,360,791</u>

County of Delaware, Pennsylvania

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

Health and Human Service Sub-funds

Year Ended December 31, 2017

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Intellectual Disabilities</u>
Revenues			
Health and human service grants	\$ 138,300,337	\$ 34,269,225	\$ 15,573,435
Expenditures			
Current, Health and human services	<u>138,915,553</u>	<u>35,148,531</u>	<u>15,573,435</u>
Deficiency of Revenues Over Expenditures	<u>(615,216)</u>	<u>(879,306)</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers in	7,538,208	879,306	-
Transfers out	<u>(6,922,992)</u>	<u>-</u>	<u>-</u>
Total other financing sources, net	<u>615,216</u>	<u>879,306</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Drug Abuse	Child Care	Day Care	Total
\$ 5,314,556	\$ 32,089,310	\$ 42,656,132	\$ 268,202,995
<u>5,428,928</u>	<u>37,403,408</u>	<u>42,656,132</u>	<u>275,125,987</u>
<u>(114,372)</u>	<u>(5,314,098)</u>	<u>-</u>	<u>(6,922,992)</u>
114,372	5,314,098	-	13,845,984
-	-	-	(6,922,992)
<u>114,372</u>	<u>5,314,098</u>	<u>-</u>	<u>6,922,992</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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County of Delaware, Pennsylvania

Nonmajor Governmental Funds Special Revenue Funds Description of Sub-Funds Year Ended December 31, 2017

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

The following Special Revenue Funds are utilized by the County:

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

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

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

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

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

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

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

County of Delaware, Pennsylvania

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

December 31, 2017

	<u>OWD/Other</u>	<u>911</u>	<u>Library</u>
Assets			
Cash and cash equivalents	\$ 1,620,381	\$ 11,012,364	\$ 1,629,888
Restricted cash	-	-	-
Grants receivable	7,335,532	3,159,436	-
Due from other funds	4,652,061	-	-
Notes receivable	-	-	-
Other assets	72,595	-	38,722
	<u>13,680,569</u>	<u>14,171,800</u>	<u>1,668,610</u>
Total	<u>\$ 13,680,569</u>	<u>\$ 14,171,800</u>	<u>\$ 1,668,610</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 1,084,711	\$ -	\$ 104,008
Due to other funds	4,067,887	13,843,448	1,052,486
Unearned revenues	8,358,631	-	-
Other liabilities	169,340	328,352	-
	<u>13,680,569</u>	<u>14,171,800</u>	<u>1,156,494</u>
Total liabilities	<u>13,680,569</u>	<u>14,171,800</u>	<u>1,156,494</u>
Fund Balances			
Restricted for:			
Highways and streets	-	-	-
Library	-	-	512,116
Community development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>512,116</u>
Total	<u>\$ 13,680,569</u>	<u>\$ 14,171,800</u>	<u>\$ 1,668,610</u>

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
\$ 1,105,966	\$ 250	\$ 79,087	\$ -	\$ 15,447,936
-	-	-	3,714,334	3,714,334
-	291,765	1,098,967	-	11,885,700
108,345	6,039,874	136,999	-	10,937,279
-	-	2,957,880	-	2,957,880
-	42,426	-	-	153,743
<u>\$ 1,214,311</u>	<u>\$ 6,374,315</u>	<u>\$ 4,272,933</u>	<u>\$ 3,714,334</u>	<u>\$ 45,096,872</u>
\$ 296,877	\$ 1,124,087	\$ 250,635	\$ 62,755	\$ 2,923,073
-	-	126,623	515,575	19,606,019
-	4,016,374	-	3,136,004	15,511,009
-	1,233,854	1,130,295	-	2,861,841
<u>296,877</u>	<u>6,374,315</u>	<u>1,507,553</u>	<u>3,714,334</u>	<u>40,901,942</u>
917,434	-	-	-	917,434
-	-	-	-	512,116
-	-	2,765,380	-	2,765,380
<u>917,434</u>	<u>-</u>	<u>2,765,380</u>	<u>-</u>	<u>4,194,930</u>
<u>\$ 1,214,311</u>	<u>\$ 6,374,315</u>	<u>\$ 4,272,933</u>	<u>\$ 3,714,334</u>	<u>\$ 45,096,872</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, 2017

	<u>OWD/Other</u>	<u>911</u>	<u>Library</u>
Revenues			
General grants	\$ 16,875,478	\$ 13,117,239	\$ 2,336,991
Expenditures			
Current:			
Highways, streets and bridges	3,753,307	-	-
Other	12,731,452	16,914,734	2,405,452
Total expenditures	16,484,759	16,914,734	2,405,452
Excess (Deficiency) of Revenues Over Expenditures	390,719	(3,797,495)	(68,461)
Other Financing Sources			
Transfers in	174,281	3,797,495	-
Transfers out	(565,000)	-	-
Net Change in Fund Balance	-	-	(68,461)
Fund Balance, Beginning	-	-	580,577
Fund Balance, Ending	\$ -	\$ -	\$ 512,116

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
<u>\$ 1,101,619</u>	<u>\$ 14,522,245</u>	<u>\$ 3,966,890</u>	<u>\$ 1,044,103</u>	<u>\$ 52,964,565</u>
1,000,983	-	-	170,116	4,924,406
<u>-</u>	<u>14,643,245</u>	<u>6,451,564</u>	<u>461,846</u>	<u>53,608,293</u>
<u>1,000,983</u>	<u>14,643,245</u>	<u>6,451,564</u>	<u>631,962</u>	<u>58,532,699</u>
<u>100,636</u>	<u>(121,000)</u>	<u>(2,484,674)</u>	<u>412,141</u>	<u>(5,568,134)</u>
-	121,000	-	-	4,092,776
<u>-</u>	<u>-</u>	<u>-</u>	<u>(474,281)</u>	<u>(1,039,281)</u>
100,636	-	(2,484,674)	(62,140)	(2,514,639)
<u>816,798</u>	<u>-</u>	<u>5,250,054</u>	<u>62,140</u>	<u>6,709,569</u>
<u>\$ 917,434</u>	<u>\$ -</u>	<u>\$ 2,765,380</u>	<u>\$ -</u>	<u>\$ 4,194,930</u>

County of Delaware, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Liquid Fuels Fund
Year Ended December 31, 2017

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
General grants	\$ 1,235,939	\$ 1,242,146	\$ 1,101,619	\$ (140,527)
Expenditures				
Current, Liquid Fuels	<u>1,235,939</u>	<u>1,447,752</u>	<u>1,000,983</u>	<u>446,769</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(205,606)	100,636	306,242
Fund Balance, Beginning	<u>635,749</u>	<u>816,798</u>	<u>816,798</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 635,749</u>	<u>\$ 611,192</u>	<u>\$ 917,434</u>	<u>\$ 306,242</u>

County of Delaware, Pennsylvania

Capital Projects Funds Description of Sub-Funds Year Ended December 31, 2017

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

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

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

County of Delaware, Pennsylvania

Combining Balance Sheet Schedule

Capital Projects Sub-funds

December 31, 2017

	Food Services Facility Fund	General Capital Projects Fund	Total
Assets			
Assets			
Cash and cash equivalents	\$ 225,671	\$ -	\$ 225,671
Restricted cash and cash equivalents	1,329	22,313,461	22,314,790
Due from Solid Waste Authority	-	5,475,000	5,475,000
	<u>-</u>	<u>5,475,000</u>	<u>5,475,000</u>
Total assets	<u>\$ 227,000</u>	<u>\$ 27,788,461</u>	<u>\$ 28,015,461</u>
Liabilities and Fund Balances			
Liabilities			
Vouchers and accounts payable	\$ 1,786	\$ 534,791	\$ 536,577
Due to other funds	-	12,699,264	12,699,264
	<u>-</u>	<u>12,699,264</u>	<u>12,699,264</u>
Total liabilities	<u>1,786</u>	<u>13,234,055</u>	<u>13,235,841</u>
Fund Balances			
Restricted for, Capital projects	-	14,554,406	14,554,406
Assigned to, Capital projects	225,214	-	225,214
	<u>225,214</u>	<u>-</u>	<u>225,214</u>
Total fund balances	<u>225,214</u>	<u>14,554,406</u>	<u>14,779,620</u>
Total liabilities and fund balance	<u>\$ 227,000</u>	<u>\$ 27,788,461</u>	<u>\$ 28,015,461</u>

County of Delaware, Pennsylvania

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

Capital Projects Sub-funds

Year Ended December 31, 2017

	Food Services Facility Fund	General Capital Projects Fund	Total
Revenues			
Investment earnings	\$ 1,574	\$ 166,648	\$ 168,222
General grants	-	716,339	716,339
Total revenues	<u>1,574</u>	<u>882,987</u>	<u>884,561</u>
Expenditures			
Capital outlay	69,463	9,455,867	9,525,330
Debt service, interest	-	514,354	514,354
Debt issuance costs	-	9,500	9,500
Total expenditures	<u>69,463</u>	<u>9,979,721</u>	<u>10,049,184</u>
Deficiency of Revenues Over Expenditures	<u>(67,889)</u>	<u>(9,096,734)</u>	<u>(9,164,623)</u>
Other Financing Sources (Uses)			
Issuance of bond	-	-	-
Premium on bond issuance	-	-	-
Redemption of refunded bond	-	-	-
Transfers in	-	200,000	200,000
Total other financing sources	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Net Change in Fund Balance	<u>(67,889)</u>	<u>(8,896,734)</u>	<u>(8,964,623)</u>
Fund Balance, Beginning	<u>293,103</u>	<u>23,451,140</u>	<u>23,744,243</u>
Fund Balance, Ending	<u>\$ 225,214</u>	<u>\$ 14,554,406</u>	<u>\$ 14,779,620</u>

Combining Statements and Schedules
Internal Service Funds

County of Delaware, Pennsylvania

Internal Service Funds Description of Sub-Funds Year Ended December 31, 2017

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

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

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

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

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

County of Delaware, Pennsylvania

Combining Statement of Net Position

Internal Service Funds

December 31, 2017

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Current Assets				
Cash and cash equivalents	\$ 616,732	\$ 996,210	\$ 2,509,831	\$ 4,122,773
Prepaid expenses	-	-	2,290,091	2,290,091
Due from other funds	3,859,718	317,183	-	4,176,901
	<u>3,859,718</u>	<u>317,183</u>	<u>-</u>	<u>4,176,901</u>
Total current assets	<u>\$ 4,476,450</u>	<u>\$ 1,313,393</u>	<u>\$ 4,799,922</u>	<u>\$ 10,589,765</u>
Current Liabilities and Net Position				
Current Liabilities				
Claims payable	\$ 4,476,450	\$ 1,313,393	\$ 431,615	\$ 6,221,458
Due to other funds	-	-	4,368,307	4,368,307
	<u>-</u>	<u>-</u>	<u>4,368,307</u>	<u>4,368,307</u>
Total current liabilities	4,476,450	1,313,393	4,799,922	10,589,765
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Total liabilities and net position	<u>\$ 4,476,450</u>	<u>\$ 1,313,393</u>	<u>\$ 4,799,922</u>	<u>\$ 10,589,765</u>

County of Delaware, Pennsylvania

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

Internal Service Funds

Year Ended December 31, 2017

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Operating Revenues				
Charges for services	\$ 47,307,028	\$ 2,604,792	\$ 5,978,815	\$ 55,890,635
Operating Expenses				
Insurance claims	47,307,028	2,475,247	5,979,827	55,762,102
Administration	-	129,939	-	129,939
Total operating expenses	47,307,028	2,605,186	5,979,827	55,892,041
Operating Loss	-	(394)	(1,012)	(1,406)
Nonoperating Revenue				
Investment earnings	-	394	1,012	1,406
Change in Net Position	-	-	-	-
Net Position, Beginning	-	-	-	-
Net Position, Ending	\$ -	\$ -	\$ -	\$ -

County of Delaware, Pennsylvania

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2017

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 48,804,354	\$ 1,605,186	\$ 5,812,767	\$ 56,222,307
Payments to suppliers	<u>(48,463,017)</u>	<u>(1,605,186)</u>	<u>(5,812,767)</u>	<u>(55,880,970)</u>
Net cash provided by operating activities	<u>341,337</u>	<u>-</u>	<u>-</u>	<u>341,337</u>
Cash Flows Provided by Investing Activities				
Interest received	<u>-</u>	<u>394</u>	<u>1,012</u>	<u>1,406</u>
Net increase in cash and cash equivalents	341,337	394	1,012	342,743
Cash and Cash Equivalents, Beginning	<u>275,395</u>	<u>995,816</u>	<u>2,508,819</u>	<u>3,780,030</u>
Cash and Cash Equivalents, Ending	<u>\$ 616,732</u>	<u>\$ 996,210</u>	<u>\$ 2,509,831</u>	<u>\$ 4,122,773</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities				
Operating loss	\$ -	\$ (394)	\$ (1,012)	\$ (1,406)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
(Increase) decrease in due to other funds	1,497,326	(999,606)	(166,047)	331,673
Increase in prepaid expenses	-	-	147,059	147,059
Increase (decrease) in claims payable	<u>(1,155,989)</u>	<u>1,000,000</u>	<u>20,000</u>	<u>(135,989)</u>
Total adjustments	<u>341,337</u>	<u>394</u>	<u>1,012</u>	<u>342,743</u>
Net Cash Provided by Operating Activities	<u>\$ 341,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,337</u>

Combining Statements and Schedules

Component Units

County of Delaware, Pennsylvania

Component Units Description of Component Units Year Ended December 31, 2017

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

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

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

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

County of Delaware, Pennsylvania

 Combining Statement of Net Position
 Component Units
 December 31, 2017

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Total
Assets					
Cash and cash equivalents	\$ 11,666,392	\$ 201,994	\$ 62,012	\$ 4,539,512	\$ 16,469,910
Receivables (net of allowance for uncollectibles):					
Accounts	4,184,291	-	-	-	4,184,291
Notes	-	127,134	-	-	127,134
Other	63,346	-	-	-	63,346
Inventories	124,715	-	-	-	124,715
Other assets	490,458	515,348	-	25,441	1,031,247
Investments	10,500	-	-	-	10,500
Restricted cash and cash equivalents	2,500,000	371,206	-	3,198	2,874,404
Capital assets (net of accumulated depreciation):					
Land	7,000,000	-	849,286	1,024,199	8,873,485
Land improvements	2,507,680	-	-	-	2,507,680
Buildings and improvements	-	-	21,534,331	-	21,534,331
Equipment	22,692,056	-	-	-	22,692,056
Total assets	51,239,438	1,215,682	22,445,629	5,592,350	80,493,099
Deferred Outflows of Resources	176,369	-	-	-	176,369
Total assets and deferred outflows	<u>\$ 51,415,807</u>	<u>\$ 1,215,682</u>	<u>\$ 22,445,629</u>	<u>\$ 5,592,350</u>	<u>\$ 80,669,468</u>
Liabilities					
Accounts payable and other current liabilities	\$ 3,218,699	\$ 43,924	\$ -	\$ 182,164	\$ 3,444,787
Due to primary government	7,475,000	-	-	7,387	7,482,387
Unearned revenue	-	75,000	-	-	75,000
Long-term liabilities:					
Due within one year,					
Bonds and notes payable	501,000	-	-	-	501,000
Due in more than one year:					
Bonds and notes payable	7,890,000	-	-	-	7,890,000
Accrued closure costs	17,612,819	-	-	-	17,612,819
Total liabilities	36,697,518	118,924	-	189,551	37,005,993
Deferred Inflows of Resources	236,295	-	-	-	236,295
Net Position					
Net investment in capital assets	23,808,736	-	22,383,617	1,024,199	47,216,552
Restricted for:					
Economic development	-	425,980	-	-	425,980
Solid waste	2,500,000	-	-	-	2,500,000
Unrestricted	(11,826,742)	670,778	62,012	4,378,600	(6,715,352)
Total net position	14,481,994	1,096,758	22,445,629	5,402,799	43,427,180
Total liabilities, deferred inflows, and net position	<u>\$ 51,415,807</u>	<u>\$ 1,215,682</u>	<u>\$ 22,445,629</u>	<u>\$ 5,592,350</u>	<u>\$ 80,669,468</u>

County of Delaware, Pennsylvania

Combining Statement of Activities

Component Units

Year Ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Total
Functions/Programs								
Solid Waste Authority, Public works	\$ 43,338,005	\$ 35,980,045	\$ 66,564	\$ (7,291,396)	\$ -	\$ -	\$ -	\$ (7,291,396)
Economic Development Oversight Board, Public works	691,027	10,340	588,774	-	(91,913)	-	-	(91,913)
Waterfront Industrial Authority, Public works	978,833	-	-	-	-	(978,833)	-	(978,833)
Redevelopment Authority, Public works	7,029,356	-	6,855,847	-	-	-	(173,509)	(173,509)
Total component units	<u>\$ 52,037,221</u>	<u>\$ 35,990,385</u>	<u>\$ 7,511,185</u>	<u>(7,291,396)</u>	<u>(91,913)</u>	<u>(978,833)</u>	<u>(173,509)</u>	<u>(8,535,651)</u>
General Revenues								
Other				(376,593)	62,024	-	2,000	(312,569)
Unrestricted investment earnings				58,058	4,776	408	4,356	67,598
Change in net position				(7,609,931)	(25,113)	(978,425)	(167,153)	(8,780,622)
Net Position, Beginning				22,091,925	1,121,871	23,424,054	5,569,952	52,207,802
Net Position, Ending				<u>\$ 14,481,994</u>	<u>\$ 1,096,758</u>	<u>\$ 22,445,629</u>	<u>\$ 5,402,799</u>	<u>\$ 43,427,180</u>

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Capital Assets by Function

County of Delaware, Pennsylvania

Schedule of Changes in Capital Assets by Function
For the Year Ended December 31, 2017

	Changes in Capital Assets			December 31, 2017
	January 1, 2017	Additions	Disposals/ Reclassification	
General government and judicial	\$ 228,978,181	\$ 5,717,862	\$ (302,959)	\$ 234,393,084
Recreation	15,104,552	1,136,446	(75,461)	16,165,537
Corrections	109,370,899	30,959	(59,748)	109,342,110
Health and human services	12,099,155	460,502	(105,493)	12,454,164
Infrastructure	17,603,420	4,035,292	-	21,638,712
Other	1,831,290	130,829	(52,333)	1,909,786
Total	<u>\$ 384,987,497</u>	<u>\$ 11,511,890</u>	<u>\$ (595,994)</u>	<u>\$ 395,903,393</u>

	Ending Balance is Composed of			Total
	Land and Improvements	Buildings and Improvements	Equipment	
General government and judicial	\$ 15,814,470	\$ 133,495,640	\$ 85,082,974	\$ 234,393,084
Recreation	9,739,382	4,769,661	1,656,494	16,165,537
Corrections	5,425,643	96,818,312	7,098,155	109,342,110
Health and human services	216,698	904,332	11,333,134	12,454,164
Infrastructure	21,638,712	-	-	21,638,712
Other	-	-	1,909,786	1,909,786
Total	<u>\$ 52,834,905</u>	<u>\$ 235,987,945</u>	<u>\$ 107,080,543</u>	<u>\$ 395,903,393</u>

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Statistical Section

County of Delaware, Pennsylvania

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

County of Delaware, Pennsylvania

Net Position by Component, Government-wide

Table 1

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ (100,753,289)	\$ (96,331,704)	\$ (97,119,597)	\$ (86,608,478)	\$ (73,172,651)	\$ (67,891,655)	\$ (60,035,609)	\$ (65,173,815)	\$ (40,524,551)	\$ (34,971,630)
Nonspendable	-	-	-	-	-	1,381,507	1,144,114	1,173,055	-	-
Restricted:										
Highways and streets	2,077,672	1,873,935	2,117,979	2,045,289	1,856,882	1,777,099	1,430,456	703,883	816,798	917,434
Infrastructure	-	-	-	-	-	-	38,358	62,140	62,140	-
Library	2,551,221	2,269,284	3,002,528	2,181,260	1,859,136	682,598	609,672	185,364	580,577	512,116
Community development	3,909,636	3,665,564	3,406,100	3,587,712	2,847,493	3,797,657	3,961,639	5,050,406	5,250,054	2,765,380
Title IV D program	1,377,273	1,595,222	724,447	823,268	1,232,444	1,870,555	426,047	449,953	524,260	627,277
Capital projects	-	-	-	-	2,293,963	2,346,683	-	19,062	19,141	19,141
Unrestricted	126,877,989	87,488,307	73,417,283	65,787,670	59,685,325	47,129,403	46,128,192	74,177,108	56,041,052	(227,145,182)
Total governmental activities net position	<u>\$ 36,040,502</u>	<u>\$ 560,608</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>	<u>\$ 16,647,156</u>	<u>\$ 22,769,471</u>	<u>\$ (257,275,464)</u>
Business-Type Activity										
Net investment in capital assets	\$ (14,674,792)	\$ (16,954,126)	\$ (19,420,689)	\$ (20,980,693)	\$ (21,708,469)	\$ (21,213,250)	\$ (20,594,380)	\$ (20,156,636)	\$ (19,214,171)	\$ (17,023,111)
Unrestricted	20,325,287	17,807,213	19,420,689	20,980,693	21,708,469	21,213,250	20,594,380	31,321,623	29,786,041	24,940,139
Total business-type activity net position	<u>\$ 5,650,495</u>	<u>\$ 853,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,164,987</u>	<u>\$ 10,571,870</u>	<u>\$ 7,917,028</u>
Primary Government										
Net investment in capital assets	\$ (115,428,081)	\$ (113,285,830)	\$ (116,540,286)	\$ (107,589,171)	\$ (94,881,120)	\$ (89,104,905)	\$ (80,629,989)	\$ (85,330,451)	\$ (59,738,722)	\$ (51,994,741)
Nonspendable	-	-	-	-	-	1,381,507	1,144,114	1,173,055	-	-
Restricted	9,915,802	9,404,005	9,251,054	8,637,529	10,089,918	10,474,592	6,466,172	6,470,808	7,252,970	4,841,348
Unrestricted	147,203,276	105,295,520	92,837,972	86,768,363	81,393,794	68,342,653	66,722,572	105,498,731	85,827,093	(202,205,043)
Total primary government net position	<u>\$ 41,690,997</u>	<u>\$ 1,413,695</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>	<u>\$ 27,812,143</u>	<u>\$ 33,341,341</u>	<u>\$ (249,358,436)</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 105,578,345	\$ 124,365,790	\$ 143,983,937	\$ 130,302,387	\$ 124,851,749	\$ 130,258,805	\$ 141,161,340	\$ 139,824,286	\$ 139,863,152	\$ 183,986,484
Judicial	50,988,095	52,473,162	52,360,413	45,844,482	48,381,276	48,371,935	47,072,546	48,114,691	47,579,146	46,892,637
Corrections	65,463,589	67,071,482	67,891,398	68,876,004	69,457,964	70,790,012	71,432,033	69,303,184	70,396,646	72,354,669
Health and human services	306,991,797	282,321,631	248,889,415	245,274,186	245,077,186	248,301,666	251,336,280	264,760,015	293,120,188	282,351,418
Highways, streets and bridges	5,904,881	7,968,517	1,924,872	2,333,302	13,130,022	2,807,351	2,187,625	1,741,793	5,109,270	5,002,634
Interest on long-term debt	10,449,791	9,638,681	9,198,303	8,637,786	8,794,312	8,457,413	8,123,155	7,669,091	4,715,546	5,039,793
Total governmental activities expenses	545,376,498	543,839,263	524,248,338	501,268,147	509,692,509	508,987,182	521,312,979	531,413,060	560,783,948	595,627,635
Business-type activities,										
Geriatric Center	73,142,781	75,824,685	78,716,756	81,376,108	81,863,752	80,763,126	77,855,996	78,291,391	80,155,082	79,364,283
Total primary government expenses	618,519,279	619,663,948	602,965,094	582,644,255	591,556,261	589,750,308	599,168,975	609,704,451	640,939,030	674,991,918
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,097,908	9,446,492	9,004,999	10,273,501	11,581,252	10,410,962	8,916,675	9,451,202	10,808,949	16,724,286
Judicial	6,430,569	6,062,227	5,708,978	5,006,264	5,280,673	5,206,386	5,137,583	5,284,756	5,099,131	6,697,710
Corrections	7,885,594	7,978,858	8,870,808	8,501,485	8,878,377	12,500,228	11,696,677	10,872,399	9,969,527	7,457,984
Capital grants and contributions	-	-	-	2,514,224	9,863,638	1,462,919	81,308	398,116	7,169,508	6,004,030
Operating grants and contributions	356,488,933	356,221,618	324,337,383	315,358,881	315,233,611	302,984,285	315,864,486	325,546,736	355,308,838	339,394,518
Total governmental activities program revenues	379,903,004	379,709,195	347,922,168	341,654,355	350,837,551	332,564,780	341,696,729	351,553,209	388,355,953	376,278,528
Business-type activity,										
Capital grants and contributions	-	-	-	91,281	379,719	-	-	-	-	-
Geriatric Center - charges for services	73,391,222	72,611,507	72,111,626	73,517,671	74,681,667	75,172,541	75,783,231	78,596,865	74,116,170	70,158,446
Total primary government program revenues	453,294,226	452,320,702	420,033,794	415,263,307	425,898,937	407,737,321	417,479,960	430,150,074	462,472,123	446,436,974

County of Delaware, Pennsylvania

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (Expense) Revenue										
Governmental activities	\$ (164,130,068)	\$ (164,130,068)	\$ (176,326,170)	\$ (159,613,792)	\$ (158,854,958)	\$ (176,422,402)	\$ (179,616,250)	\$ (179,859,851)	\$ (172,427,995)	\$ (219,349,107)
Business-type activity	<u>248,441</u>	<u>(3,213,178)</u>	<u>(6,605,130)</u>	<u>(7,767,156)</u>	<u>(6,802,366)</u>	<u>(5,590,585)</u>	<u>(2,072,765)</u>	<u>305,474</u>	<u>(6,038,912)</u>	<u>(9,205,837)</u>
Total primary government net expense	(163,881,627)	(167,343,246)	(182,931,300)	(167,380,948)	(165,657,324)	(182,012,987)	(181,689,015)	(179,554,377)	(178,466,907)	(228,554,944)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	144,579,397	143,583,153	154,340,906	155,615,119	160,312,545	164,661,208	172,842,088	170,843,978	172,268,546	174,050,740
Unrestricted investment earnings	4,093,624	3,271,147	2,348,032	2,924,184	2,615,151	2,830,737	2,356,693	1,876,866	979,836	1,198,207
Grants and charges not restricted to specific programs	7,874,320	317,723	334,292	359,641	407,693	352,508	494,046	971,942	959,266	1,826,875
Gaming revenue	9,853,313	9,478,151	9,795,345	10,472,563	10,224,170	9,334,840	8,604,779	8,589,487	8,067,163	7,876,251
Transfers	-	-	(5,504,273)	(7,489,734)	(5,918,730)	(4,482,703)	(2,072,334)	-	(3,724,501)	(5,351,903)
Total government activities	<u>166,400,654</u>	<u>156,650,174</u>	<u>161,314,302</u>	<u>161,881,773</u>	<u>167,640,829</u>	<u>172,696,590</u>	<u>182,225,272</u>	<u>182,282,273</u>	<u>178,550,310</u>	<u>179,600,170</u>
Business-type activity:										
Investment earnings	260,548	167,021	247,770	277,422	883,636	1,107,882	431	287,643	1,721,294	2,378
Other revenues (expenses)	-	-	-	-	-	-	-	-	-	1,196,714
Interest on long- term debt	(2,015,245)	(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
Total business-type activity	<u>(1,754,697)</u>	<u>(1,584,230)</u>	<u>5,752,043</u>	<u>7,767,156</u>	<u>6,802,366</u>	<u>550,792</u>	<u>2,072,765</u>	<u>287,643</u>	<u>5,445,795</u>	<u>6,550,995</u>
Total primary government	<u>164,645,957</u>	<u>155,065,944</u>	<u>167,066,345</u>	<u>169,648,929</u>	<u>174,443,195</u>	<u>173,247,382</u>	<u>184,298,037</u>	<u>182,569,916</u>	<u>183,996,105</u>	<u>186,151,165</u>
Special Item										
Capital grant to component unit	-	(28,000,000)	-	-	-	-	-	-	-	-
Change in Net Position										
Governmental activities	927,160	(35,479,894)	(15,011,868)	2,267,981	8,785,871	(3,725,812)	2,609,022	2,422,422	6,122,315	(39,748,937)
Business-type activity	<u>(1,506,256)</u>	<u>(1,584,230)</u>	<u>(853,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,117</u>	<u>(593,117)</u>	<u>(2,654,842)</u>
Total primary government	<u>\$ (579,096)</u>	<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>

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 963,322	\$ 562,376	\$ 1,381,507	\$ 1,144,114	\$ 1,173,055	\$ 994,359	\$ 791,315
Restricted	-	-	-	823,268	1,232,444	1,870,555	426,047	449,953	524,260	627,277
Assigned										
County geriatric center	-	-	-	11,400,000	11,400,000	11,400,000	12,000,000	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
Unassigned	-	-	-	9,720,416	10,572,860	9,532,158	16,236,691	17,572,618	20,429,800	23,874,094
Reserved	1,377,273	1,595,222	724,447	-	-	-	-	-	-	-
Unreserved	5,136,773	6,296,597	7,433,686	-	-	-	-	-	-	-
Total general fund	<u>6,514,046</u>	<u>7,891,819</u>	<u>8,158,133</u>	<u>34,307,006</u>	<u>35,167,680</u>	<u>35,584,220</u>	<u>41,806,852</u>	<u>49,195,626</u>	<u>51,948,419</u>	<u>55,292,686</u>
All Other Governmental Funds										
Reserved	14,013,529	13,283,783	14,001,607	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	42,045,936	32,652,762	28,964,903	-	-	-	-	-	-	-
Nonspendable	-	-	-	5,475,000	5,475,000	5,475,000	5,475,000	5,475,000	5,475,000	-
Restricted	-	-	-	7,814,261	8,857,474	25,692,946	14,314,567	33,836,779	24,685,709	18,749,336
Assigned	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	1,576,451	1,215,875	509,216	424,024	360,010	293,103	225,214
Unassigned	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	(7,935,282)	-	-	-	-	-	-
Total all other governmental funds	<u>56,059,465</u>	<u>45,936,545</u>	<u>42,966,510</u>	<u>6,930,430</u>	<u>15,548,349</u>	<u>31,677,162</u>	<u>20,213,591</u>	<u>39,671,789</u>	<u>30,453,812</u>	<u>18,974,550</u>
Total all funds	<u>\$ 62,573,511</u>	<u>\$ 53,828,364</u>	<u>\$ 51,124,643</u>	<u>\$ 41,237,436</u>	<u>\$ 50,716,029</u>	<u>\$ 67,261,382</u>	<u>\$ 62,020,443</u>	<u>\$ 88,867,415</u>	<u>\$ 82,402,231</u>	<u>\$ 74,267,236</u>

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Real estate taxes	\$ 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	\$ 143,787,354
Licenses and inspections	47,373	53,704	37,084	17,415	62,948	10,125	36,960	23,828	18,423	27,196
General grants	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	73,719,633
Charges for services, fines, and forfeitures	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	24,635,138
Investment earnings	915,759	690,376	597,499	1,262,735	1,088,573	1,335,689	1,551,162	1,274,357	2,305,591	3,663,365
Gaming revenue	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	9,853,313
Health & human service grants	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	285,002,174
Other	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	15,694,585
Total revenues	562,528,523	568,457,206	534,151,483	527,823,756	510,093,081	525,934,033	517,067,812	517,509,617	529,527,328	556,382,758
Expenditures										
Current:										
General government	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	34,021,728
Judicial	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	50,993,956
Corrections	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	62,387,050
Transportation	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	7,457,681
Health & Human Services	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	291,472,407
Highways, streets, and bridges	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	1,192,055
Other	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	84,604,164
Debt Service:										
Principal	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	10,332,490
Interest	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	10,865,222
Debt issuance costs	9,500	443,240	126,881	210,529	-	-	-	-	-	-
Capital outlay	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	5,171,004
Total expenditures	565,311,615	571,660,789	532,304,511	569,718,418	514,065,025	530,536,710	519,640,530	529,894,065	539,713,834	558,407,757
Excess of Revenues Over (Under) Expenditures	(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)	(2,024,999)
Other Financing Sources (Uses)										
Transfers in	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	10,666,376
Transfers out	(24,355,663)	(22,684,178)	(20,561,366)	(23,247,314)	(20,626,694)	(19,457,498)	(22,641,639)	(17,256,122)	(10,523,980)	(10,666,376)
Redemption of refunded bond	-	(55,780,000)	-	-	-	-	-	(29,995,000)	(61,225,000)	(9,497,000)
Issuance of bonds and notes	-	49,420,000	25,000,000	38,726,057	25,000,000	20,000,000	-	15,185,000	28,595,000	30,000,000
Issuance of bond premium	-	6,822,900	-	-	-	-	-	-	104,420	-
Issuance of refunding bond	-	-	-	-	-	-	-	29,995,000	54,750,000	9,537,000
Issuance of refunding bond premium	-	-	-	-	-	-	-	-	7,216,939	-
Total other financing sources (uses)	(5,351,903)	(3,261,601)	25,000,000	36,653,723	20,517,297	14,081,270	(7,314,489)	9,680,727	29,441,359	30,040,000
Special Item										
Capital grant to component unit	-	-	-	-	-	-	-	-	(28,000,000)	-
Net Change in Fund Balances	(8,134,995)	(6,465,184)	26,846,972	(5,240,939)	16,545,353	9,478,593	(9,887,207)	(2,703,721)	(8,745,147)	28,015,001
Fund Balance, Beginning	82,402,231	88,867,415	62,020,443	67,261,382	50,716,029	41,237,436	51,124,643	53,828,364	62,573,511	34,558,510
Fund Balance, Ending	\$ 74,267,236	\$ 82,402,231	\$ 88,867,415	\$ 62,020,443	\$ 67,261,382	\$ 50,716,029	\$ 41,237,436	\$ 51,124,643	\$ 53,828,364	\$ 62,573,511
Debt Service as a percentage of non-capital expenditure	4.21%	4.36%	4.35%	11.36%	4.90%	4.87%	4.16%	3.90%	3.71%	3.93%

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, 2017

(Unaudited)

Fiscal Year	Estimated Market Values			Total Real Property (000's)	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				
2008	Not available	Not available	Not available	33,796,102	3,600,063	30,196,039	4.825
2009	\$ 23,824,736	\$ 5,472,872	\$ 4,600,102	33,897,710	3,604,093	30,293,617	4.825
2010	23,860,373	5,535,242	4,538,767	33,934,382	3,617,684	30,316,698	5.184
2011	23,954,534	5,454,156	4,583,732	33,992,422	3,679,376	30,313,046	5.184
2012	24,040,640	5,437,941	4,602,797	34,081,378	3,694,210	30,387,168	5.304
2013	24,141,041	5,515,209	4,599,166	34,255,416	3,677,062	30,578,354	5.452
2014	24,256,948	5,674,512	4,632,054	34,563,514	3,731,292	30,832,222	5.604
2015	24,407,689	5,623,591	4,643,476	34,674,756	3,744,563	30,930,193	5.604
2016	24,521,950	5,976,054	4,417,107	34,915,111	3,580,982	31,334,129	5.604
2017	24,620,130	6,016,916	4,484,073	35,121,119	3,539,509	31,581,610	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, 2017

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
County Direct Rate:										
General	3.8880	3.8880	4.4020	4.3180	4.3930	4.5100	4.6630	4.7150	4.6760	4.7010
Debt	0.9370	0.9370	0.7820	0.8660	0.9110	0.9420	0.9410	0.8890	0.9280	0.9030
Total direct rate	4.8250	4.8250	5.1840	5.1840	5.3040	5.4520	5.6040	5.6040	5.6040	5.6040
Borough and Township Rates:										
Aldan Borough	5.2620	5.4199	5.6600	6.1110	6.4104	7.4985	7.4985	7.4985	8.1300	8.1300
Aston Township	3.6500	3.6500	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.7000	4.7000
Bethel Township	0.8500	0.0850	1.8700	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650	1.8650
Brookhaven Township	3.9900	4.3500	4.3500	4.3500	0.8820	4.3500	4.3500	4.3500	4.3500	4.3500
Chadds Ford Township	0.0867	0.7720	0.0900	0.8820	4.3500	0.8820	0.8820	0.8820	0.8820	0.8820
Chester City	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	diff. Bases	diff. Bases	diff. Bases
Chester Heights	0.2200	0.2200	8.8000	0.0580	0.0580	0.0580	0.0580	0.0580	0.9800	0.9800
Chester Township	7.5000	7.5000	7.2000	8.8000	8.0000	9.0000	9.0000	9.0000	9.9000	9.9000
Clifton Heights Borough	11.0010	11.5010	12.0100	12.0010	12.2510	13.0010	13.0010	13.0010	14.5010	14.5010
Coillingdale Borough	9.8960	9.8600	10.7400	11.2370	11.2370	12.2370	12.2370	12.2370	12.7370	12.7370
Colwyn Borough	16.6000	19.9100	20.0200	27.0000	27.0000	27.2000	27.2000	25.2000	25.2000	25.2000
Concorn Township	0.9250	0.9440	0.9400	0.9440	0.0944	0.9440	0.9440	0.9440	0.9440	0.9440
Darby Borough	13.6000	13.7410	13.7400	16.2410	17.7410	17.7409	17.7409	17.7410	18.4920	18.4920
Darby Township	8.6350	8.9100	8.9100	10.9100	10.9100	11.4100	11.4100	11.4100	11.4350	11.4350
East Lansdowne Borough	11.0000	11.0000	11.0000	11.0000	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	5.7500	7.0000	7.0000
Edmont Township	0.6380	0.6699	0.7200	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283	0.8283
Folcroft Borough	5.5000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000
Glenolden Borough	7.9200	7.9200	8.4000	8.4000	8.4000	8.4000	8.4000	8.4000	8.9000	8.9000
Haverford Township	6.0850	6.3590	6.3590	6.6890	6.9920	7.3340	7.5400	7.5400	7.9930	7.9930
Lansdowne Borough	10.1780	10.5850	10.8496	11.1210	11.6210	11.9120	12.2096	12.2096	12.6390	12.6390
Lower Chichester Township	6.0000	6.0000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000	7.2000
Marcus Hood Borough	8.3500	9.3500	9.3500	10.8500	12.3500	12.3500	12.3500	12.3500	12.3500	12.3500
Marple Township	3.5800	4.1100	4.1100	4.1840	4.1840	4.2900	4.4100	4.4100	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	1.3600	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	1.5000	1.5000
Millbourne	21.0000	23.0000	23.0000	23.0000	23.0000	24.0000	25.6160	25.6160	25.6420	25.6420
Morton Borough	6.5130	6.6610	7.1610	7.1600	8.1610	9.4110	9.6110	9.6110	11.3370	11.3370
Nether Providence Township	3.7600	3.9000	4.0900	4.3700	4.6800	4.7800	4.9200	4.9200	5.1600	5.1600
Newtown Township	2.1175	2.3023	2.5037	2.6640	2.7940	2.7940	2.8840	2.8840	2.9440	2.9440
Norwood Borough	8.0340	10.8220	10.8220	10.8220	10.8220	10.5500	10.5500	11.3000	11.3000	11.3000
Parkside Borough	7.6600	8.3600	8.8600	9.5000	9.5000	9.5000	9.5000	9.5000	10.0000	10.0000
Prospect Park Borough	6.7700	7.2400	7.9200	8.3200	8.3600	9.1200	9.5200	9.5200	9.6200	9.6200
Radnor Township	3.0100	3.3411	3.6411	3.7511	3.7511	3.7511	3.7511	3.7511	3.9228	3.9228
Ridley Park Borough	7.1090	7.4500	7.4500	7.7900	7.7900	8.1400	8.1400	8.1400	8.1400	8.1400
Ridley Township	7.2660	8.0160	8.0160	8.0170	8.0160	8.5160	8.5160	8.5160	9.2660	9.2660
Rose Valley Borough	1.5530	1.7700	1.9400	2.1100	2.3400	2.3000	2.4200	2.4200	2.2300	2.2300
Rutledge	3.6200	4.1500	4.3200	4.6800	5.2800	5.7100	5.7100	5.7100	5.7100	5.7100
Sharon Hill Borough	6.4120	6.4120	7.2400	7.5000	7.5000	7.5000	7.5000	7.5000	7.7500	7.7500
Springfield Township	4.7400	4.9800	4.9800	5.1700	5.3200	5.5860	5.5860	5.5860	5.5860	5.5860
Swarthmore Borough	4.5950	4.8700	5.2020	5.3020	5.4520	5.5890	5.5890	5.5890	5.6730	5.6730
Tinicum Township	3.9000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000
Trainer Borough	8.0000	10.0000	12.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500	14.7500
Upland Borough	2.0000	2.0000	2.0000	2.0000	5.4520	2.0000	2.0000	2.0000	2.0000	2.0000
Upper Chichester Township	6.3500	5.8500	5.8500	5.3500	5.1000	5.1000	5.1000	5.1000	5.1000	5.1000
Upper Darby Township	14.3400	14.9900	15.9400	16.7900	17.9400	18.9300	19.9200	19.9200	20.3700	20.3700
Upper Providence Township	3.1280	3.4634	3.5490	3.6480	3.7340	3.8030	3.8730	3.8730	4.0000	4.0000
Yeadon Borough	9.8900	8.8900	8.8900	8.8900	9.8900	9.8900	9.8900	9.8900	9.8900	9.8900
School District Rates:										
Chester-Upland	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	24.6928	25.6555	26.2969
Chichester	33.2950	34.6017	36.2819	37.7350	38.3000	38.6840	39.0708	39.0708	39.4615	39.8561
Granet Valley	26.0790	27.0680	27.8330	28.0260	29.0550	29.2006	29.7440	30.6437	31.3495	31.7500
Haverford	22.1600	23.1020	24.4743	26.0209	26.7305	27.6784	28.6692	29.4719	30.2964	31.0538
Interboro	30.0800	30.8300	31.6000	32.2000	32.2000	32.9406	33.4347	33.9362	34.9203	36.0377
Marple-Newtown	14.5367	15.1327	16.3222	25.1839	17.2199	17.6839	17.6839	18.0690	18.0690	18.0552
Penn Delco	21.6810	22.4220	23.1830	23.8250	24.5490	25.2760	25.9070	26.4760	27.2438	28.0583
Radnor	19.5118	20.2731	20.8681	21.1439	21.8227	21.7122	21.7122	22.1247	22.9262	23.6199
Ridley	31.7760	33.2490	35.5580	37.0310	38.2500	39.1250	39.2500	39.2500	39.9000	39.9000
Rose Tree-Media	21.0977	21.6251	21.6251	22.2522	22.6143	22.9445	23.3677	23.8080	24.3773	25.0945
Southeast Delco	30.0840	31.7840	35.7840	36.4996	36.8246	37.2849	38.4034	39.4786	40.4656	41.5784
Springfield	25.2840	26.2910	27.2230	27.9750	28.7300	29.3000	29.9604	30.6960	31.4212	32.2067
Upper Darby	28.7400	29.7200	30.9000	31.7300	32.8500	33.8150	34.5930	35.2160	35.2160	36.2689
Wallingford Swarthmore	35.9760	36.5660	37.6260	38.1520	39.3340	39.6930	40.5265	41.9760	43.4032	44.6597
William Penn	36.8400	38.4500	40.0600	40.0600	40.0600	41.6000	42.2900	43.0900	43.7400	45.0100

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, 2017
 Current Year and Ten Years Ago
 (Unaudited)

2017			2008		
Taxpayer	Assessed Value	Percentage of Total Assessed Value	Taxpayer	Assessed Value	Percentage of Total Assessed Value
Redwood ERC Concord LLC	\$ 120,256,460	18%	SDG Macerich Prop. Ltd.	\$ 92,001,890	16%
Chester Downs & Marina LLC	118,650,000	17%	Concord Campus	78,875,108	13%
Prospect Crozer LLC	78,305,750	11%	Radnor Center Associates	68,954,300	12%
Radnor Center Associates	68,954,300	10%	Radnor Properties	62,451,160	10%
SAP America Inc	57,509,000	8%	BPG Real Estate	61,000,000	10%
Exelon Generation Company	52,500,000	8%	Exelon Generation Company	52,500,000	9%
KS Springfield	51,406,800	8%	Campus Investors Office	50,466,000	8%
White Horse Village	49,058,970	7%	Radnor Properties SDC	48,965,641	8%
Radnor Properties	48,965,641	7%	Boeing Co.	42,873,500	7%
Boeing Co.	42,873,500	6%	SAP America Inc	42,793,600	7%
	<u>\$ 688,480,421</u>	<u>100%</u>		<u>\$ 600,881,199</u>	<u>100%</u>

Source: County of Delaware, Pennsylvania Assessment Office

County of Delaware, Pennsylvania

Property Tax Levies and Collections

Table 8

Last Ten Years

As of December 31, 2017

(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
2008	\$ 144,800,000	\$ 144,796,199	\$ 139,522,134	96.4%	\$ 1,937,327	\$ 141,459,461	97.7%
2009	145,696,574	145,303,995	139,193,850	95.8%	2,434,883	141,628,733	97.5%
2010	156,843,125	156,775,703	149,741,101	95.5%	3,490,784	153,231,885	97.7%
2011	160,699,548	157,648,907	153,602,147	97.4%	3,174,243	156,776,390	99.4%
2012	160,764,044	160,579,733	153,849,835	95.8%	5,033,868	158,883,703	98.9%
2013	166,424,943	166,258,998	159,849,174	96.1%	2,171,374	162,020,548	97.5%
2014	172,732,089	172,242,510	166,260,056	96.5%	3,735,316	169,995,372	98.7%
2015	172,931,485	172,708,552	166,201,838	96.2%	3,528,354	169,730,192	98.3%
2016	174,023,429	174,968,018	166,370,717	95.1%	2,006,197	168,376,914	96.2%
2017	176,546,321	176,117,013	169,363,895	96.2%	-	169,363,895	96.2%

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

County of Delaware Pennsylvania

Ratio of Outstanding Debt by Type

Table 9

Last Ten Years

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income (a)	Per Capita (a)	Percentage of Actual Total Value of Property (b)
	General Governmental Activities			Total Primary Government			
	General Obligation Debt	Deep Discount Bonds Net of Unamortized Discount	Business-Type Activity				
2017	\$ 254,155,334	\$ -	\$ 27,411,666	\$ 281,567,000	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
2008	290,912,162	8,834,923	27,276,838	327,023,923	1.7	583	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, 2017

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Delaware	\$ 254,155,334	100%	\$ 254,155,334
(Municipality):			
Aston Twp	3,575,000	100%	3,575,000
Bethel Township	414,597	100%	414,597
Brookhaven Twp	2,841,873	100%	2,841,873
Chester City	42,296,680	100%	42,296,680
Chester Township	53,626	100%	53,626
Clifton Heights Borough	3,265,099	100%	3,265,099
Collingdale Borough	171,125	100%	171,125
Colwyn Borough	424,000	100%	424,000
Concord Township	13,515,000	100%	13,515,000
Darby Borough	6,685,000	100%	6,685,000
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	49,870,000	100%	49,870,000
Lansdowne Borough	2,912,292	100%	2,912,292
Marcus Hook Borough	1,409,219	100%	1,409,219
Marple Township	15,189,019	100%	15,189,019
Media Borough	4,691,000	100%	4,691,000
Middletown Township	8,370,000	100%	8,370,000
Morton Borough	671,883	100%	671,883
Nether Providence Twp.	3,665,000	100%	3,665,000
Newtown Township	12,656,000	100%	12,656,000
Norwood Borough	1,439,803	100%	1,439,803
Parkside Borough	336,325	100%	336,325
Prospect Park Borough	1,345,728	100%	1,345,728
Radnor Township	54,225,000	100%	54,225,000
Ridley Park Borough	845,376	100%	845,376
Ridley Township	30,008,426	100%	30,008,426
Rutledge Borough	215,000	100%	215,000
Springfield Township	2,994,000	100%	2,994,000
Swarthmore Borough	1,712,000	100%	1,712,000
Thonbury Township	153,143	100%	153,143
Tinicum Township	14,155,000	100%	14,155,000
Upland Borough	1,409,523	100%	1,409,523
U. Chichester Township	3,576,988	100%	3,576,988
Upper Darby Township	20,387,000	100%	20,387,000
Upper Providence Township	1,595,000	100%	1,595,000
Yeadon Borough	2,856,000	100%	2,856,000
Direct borough/township debt			313,939,515

County of Delaware, Pennsylvania

Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2017

(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	52,181,255	100%	52,181,255
Garnet Valley	102,855,000	100%	102,855,000
Haverford	110,210,355	100%	110,210,355
Interboro	55,150,000	100%	55,150,000
Marple-Newtown	69,415,000	100%	69,415,000
Penn Delco	81,645,000	100%	81,645,000
Radnor	82,390,000	100%	82,390,000
Ridley	54,309,737	100%	54,309,737
Rose Tree-Media	58,950,000	100%	58,950,000
Southeast Delco	50,913,457	100%	50,913,457
Springfield	64,455,000	100%	64,455,000
Upper Darby	25,054,496	100%	25,054,496
Wallingford Swarthmore	77,590,659	100%	77,590,659
William Penn	50,351,667	100%	50,351,667
Direct school district debt			1,131,164,843
Subtotal, overlapping debt		100%	1,445,104,358
Total direct and overlapping debt		100%	\$ 1,699,259,692

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, 2017

(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Borrowing Base Revenues (1)	\$ 528,871,550	\$ 538,675,759	\$ 534,473,234	\$ 515,539,248	\$ 506,291,039	\$ 504,478,366	\$ 512,084,629	\$ 520,358,837	\$ 539,004,938	\$ 547,682,930
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	\$ 1,586,614,650	\$ 1,616,027,277	\$ 1,603,419,702	\$ 1,546,617,744	\$ 1,518,873,117	\$ 1,513,435,098	\$ 1,536,253,887	\$ 1,561,076,511	\$ 1,619,256,375	\$ 1,643,048,790
General Obligation Debt	\$ 327,023,923	\$ 339,184,638	\$ 343,081,951	\$ 329,830,465	\$ 332,519,000	\$ 338,836,000	\$ 319,599,000	\$ 327,081,000	\$ 301,517,000	\$ 281,567,000
Legal Debt Margin	\$ 1,259,590,727	\$ 1,276,842,639	\$ 1,260,337,751	\$ 1,216,787,279	\$ 1,186,354,117	\$ 1,174,599,098	\$ 1,216,654,887	\$ 1,233,995,511	\$ 1,317,739,375	\$ 1,361,481,790

(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, 2017

(Unaudited)

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2008	561,109	\$ 18,782,562	\$ 33,474	40.8	72,661	5.7%
2009	558,028	17,929,439	32,130	41.2	72,358	8.7%
2010	558,979	18,098,622	32,378	38.5	73,432	7.8%
2011	559,992	17,957,263	32,067	38.7	73,555	7.8%
2012	559,998	17,974,582	32,277	38.8	73,610	7.7%
2013	561,973	18,050,392	33,098	38.8	74,003	6.3%
2014	562,960	18,690,272	33,200	38.9	74,129	4.9%
2015	563,894	18,912,441	33,539	38.8	73,698	3.5%
2016	563,402	19,191,726	34,064	38.9	74,081	4.2%
2017	564,696	19,683,608	34,857	39.0	74,649	4.5%

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, 2017

(Unaudited)

2017			2008		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crozer-Keystone Health System	7,000	2.48%	Crozer-Keystone Health System	6,900	1.30%
Boeing Co.	4,425	1.57%	Boeing Co. (Rotorcraft Div.)	4,600	0.88%
Wawa Inc.	2,540	0.90%	Boeing Co. (Army Systems Div.)	4,000	0.77%
Delaware County	2,880	1.02%	Villanova University	2,600	0.50%
United Parcel Service, Inc.	3,000	1.06%	Wawa Inc.	2,350	0.44%
Villanova University	2,500	0.89%	Riddle Health System	2,000	0.39%
SAP America	2,300	0.81%	Acme Markets Inc.	1,750	0.34%
Upper Darby School District	2,500	0.89%	Keystone Mercy Health	1,700	0.33%
Main Line Health System	2,940	1.04%	SAP America	1,500	0.29%
Harrah's	1,500	0.53%	Elwyn Industries	1,500	0.29%
Widener University	1,560	0.55%	Harrah's	1,250	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, 2017

(Unaudited)

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government and administration	2,274	2,477	2,389	2,402	2,438	2,429	2,347	2,410	2,260	1,892
Judicial	754	718	669	690	692	687	656	674	657	616
Culture and recreation	17	14	15	17	17	17	17	17	17	18
Golf course	5	5	5	5	5	5	5	5	5	5
Fleet services	<u>6</u>	<u>4</u>	<u>4</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>
Total	<u><u>3,056</u></u>	<u><u>3,218</u></u>	<u><u>3,082</u></u>	<u><u>3,121</u></u>	<u><u>3,159</u></u>	<u><u>3,144</u></u>	<u><u>3,031</u></u>	<u><u>3,112</u></u>	<u><u>2,946</u></u>	<u><u>2,538</u></u>

Source: Personnel Department

County of Delaware, Pennsylvania

Operating Indicators by Function/Program

Table 15

Last Ten Fiscal Years

December 31, 2017

(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
General Government and Judicial										
Bridges maintained	43	43	43	43	43	43	43	43	43	43
Buildings maintained	8	8	8	8	8	8	8	8	8	8
Recreation										
Rounds played	29,650	27,000	29,118	25,561	27,015	24,806	22,010	20,000	14,221	10,961
Garden plots	118	114	114	114	114	114	114	114	118	117
Summer Fest Events	46	49	47	49	50	50	50	49	49	49
Summer Fest Attendance	58,000	50,000	47,000	53,000	52,000	50,000	51,000	48,000	40,000	60,000
Health & Human Services										
Cases	56,441	57,266	67,479	69,037	69,994	69,994	33,364	34,698	59,004	59,586
Adoptions	795	836	809	719	701	714	720	725	62	60
Children in Foster Care	1,100	1,143	892	868	844	891	885	710	590	548
Mental Health Population	8,077	8,222	7,847	8,900	7,503	17,867	23,092	24,163	47,138	52,482
Judicial										
Cases										
Civil	1,783	1,191	1,230	1,428	1,639	1,862	11,837	11,399	11,522	10,869
Criminal	1,774	1,155	1,194	1,314	1,945	2,178	8,219	7,624	8,069	7,708
Solid Waste										
Residential Tonnage	253,147	244,590	238,406	230,358	217,700	213,195	211,852	211,349	209,153	211,971
Commercial Tonnage	151,290	132,920	130,847	136,125	140,694	147,684	155,443	164,887	164,796	165,024

Source: County Records

County of Delaware, Pennsylvania

Capital Asset Statistics by Function/Program

Table 16

Last Ten Fiscal Years

December 31, 2017

(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
General Government and Judicial										
Facilities	7	7	7	7	7	7	7	7	7	7
Vehicles	261	252	252	252	277	310	315	352	360	336
Recreation										
Parks	6	6	6	6	6	6	6	6	15	14
Golf Courses	1	1	1	1	1	1	1	1	1	1
Vehicles	14	14	14	14	14	14	14	14	14	9
Public Works										
Vehicles	1	1	1	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	1	1	1	1	1
Corrections										
Capacity	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883	1,883
Vehicles	3	3	3	1	1	1	1	-	-	-
Juvenile Facility										
Capacity	66	66	66	66	66	66	66	66	66	66
Vehicles	2	2	2	2	2	2	2	2	2	2
Human Services										
Caseloads	56,441	57,266	57,266	67,479	68,919	69,002	33,364	34,698	59,004	56,586
Vehicles	51	45	45	46	46	46	46	43	42	43
Infrastructure										
Bridges	43	43	43	43	43	43	43	43	43	43

Source: County Records

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