

**County of Delaware,
Pennsylvania**

Comprehensive Annual Financial Report
Year Ended December 31, 2014

Prepared by **Edward E. O'Lone, CPA**
Controller

County of Delaware, Pennsylvania

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Introductory Section



CONTROLLER OF DELAWARE COUNTY

GOVERNMENT CENTER BUILDING
201 WEST FRONT STREET
MEDIA, PENNSYLVANIA 19063

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

THOMAS J. BURKE
CHIEF DEPUTY CONTROLLER

RICK MEGARO, C.P.P.
DEPUTY CONTROLLER

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

ROBERT E. O'CONNOR
SOLICITOR

June 25, 2015

To the Citizens of the County of Delaware, Pennsylvania:

It is my honor to present the Comprehensive Annual Financial Report of the County of Delaware, Pennsylvania (the "County") for the year ended December 31, 2014. This Comprehensive Annual Financial Report ("CAFR") was prepared by the Controller's Department in conjunction with the independent certified public accounting firm of Baker Tilly Virchow Krause, LLP, whose opinion accompanies the basic financial statements contained in the Financial Section of this report.

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

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

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

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

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

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

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

Controller's Department and Internal Controls

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

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

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

Further, in response to the Right to Know law in the Commonwealth of Pennsylvania, the County created an Open Records Office. This office is responsible for ensuring the County's compliance with the law and facilitating each citizen's right to access government documents. In 2014, the County's Open Records Office responded to 427 requests, all within the timeframe required by the law. In comparison, there were 484 requests in 2013.

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

Budgetary Controls

The County maintains budgetary controls to comply with legal provisions embodied in the annual budget adopted by County Council pursuant to the Home Rule Charter and Administrative Code. The County adopts an annual operating budget which is a legal document controlling expenditures, at the fund level, for the General Fund and the Liquid Fuels Special Revenue Fund. As indicated in the Financial Section of this report, the County has complied with such budgetary controls for the year ended December 31, 2014.

Financial Planning

In addition to the five-year Capital Improvement Plan prepared with the annual budget, the Budget Department also prepares multi-year operating budget projections for County Council's review based on historical data and anticipated changes that will impact the operating budget.

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 of 1996. 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 of 1996 and related Office of Management and Budget Circular A-133 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, 2013. This was the 20th 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

The County took the lead in two important public health initiatives during 2014 by addressing the threat posed by the Ebola virus and the scourge presented by the abuse of prescription drugs. With regard to Ebola the county formed a broad-based task force comprised of individuals representing health care systems, emergency medical responders, schools and municipal governments. The members of the task force were able to communicate their respective plans, share resources and provide up to date information on the situation. Prescription drug abuse is a local problem as well as a nation-wide problem. The county has tackled the issue by developing a task force comprised of law enforcement, emergency medical responders, social service agencies, treatment professionals and the business community. The purpose of the task force is to promote awareness and prevention through education. The task force has been successful in reaching out to thousands of youth and adults throughout the county.

The County demonstrated its commitment to open space and recreation in 2014 through its work with the Friends of the Chester Creek Trail. Funding has been secured and agreements have been signed that pave the way for a 2.8 mile trail along the Chester Creek in the western end of the county. Residents can enjoy cycling, running and strolling along this scenic paved trail. In the eastern end, the county secured funding for a roughly 1 mile trail along the Darby Creek. This is the first phase of a trail that is envisioned to cover multiple municipalities through some of the county's oldest, most established communities.

Since the announcement of the closing of two major oil refineries in the county in 2011, Delaware County Council has made economic development a major goal. Their efforts have been successful as the county emerges as a leader in the growing energy industry. Through Council's efforts, the oil refineries have been repurposed and companies such as Monroe Energy, Eddystone Rail and Sunoco Logistics position the county as a major player in the refining, shipping and processing of liquid and natural gas products.

In 2014, Delaware County, along with the City of Philadelphia, Tinicum Township and Interboro School District announced that they reached an agreement in principle that will enable the Philadelphia International Airport to move forward on its airport expansion plans. The agreement will enable the Airport to fully implement the Capacity Enhancement Program (CEP), which was approved by the Federal Aviation Administration. The CEP is a comprehensive program to expand and modernize the Airport. It is anticipated to resolve issues that have plagued one of air traffic's most crucial hubs for years by improving operational efficiencies, customer experiences and connectivity.

The agreement will result in thousands of direct construction jobs for the region and more jobs associated with the airport and its operations. It will also result in expanded access to overseas markets and more opportunities for Delaware County businesses, which will be good for the economic growth of the County as a whole.

This past year, Delaware County announced the completion of *Delaware County 2035*, a comprehensive policy framework plan for the County that establishes an overall vision for the future of the County through the year 2035. It also sets policies for development, redevelopment, conservation, and economic initiatives.

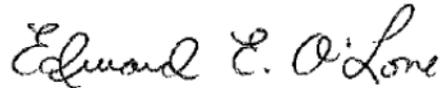
Delaware County 2035 consists of a central, land use policy Framework Plan and a number of related, interconnected, and more detailed component plans. Throughout 2014, an Open Space and Recreation Component Plan was fully underway and a Plan for Historic Preservation was initiated. This Framework and its component plans are a guide for public decision-making. The County's elected and appointed officials will use the plan to evaluate future proposals or policy changes to ensure that their decisions are consistent with shared countywide goals.

During the initial year of implementation of *Delaware County 2035*, the County's Planning Department began to carry out recommendations of the action strategies put forward in the Plan. The action strategies put forward in *Delaware County 2035* continue to shape County policies and help guide programs for Delaware County municipalities.

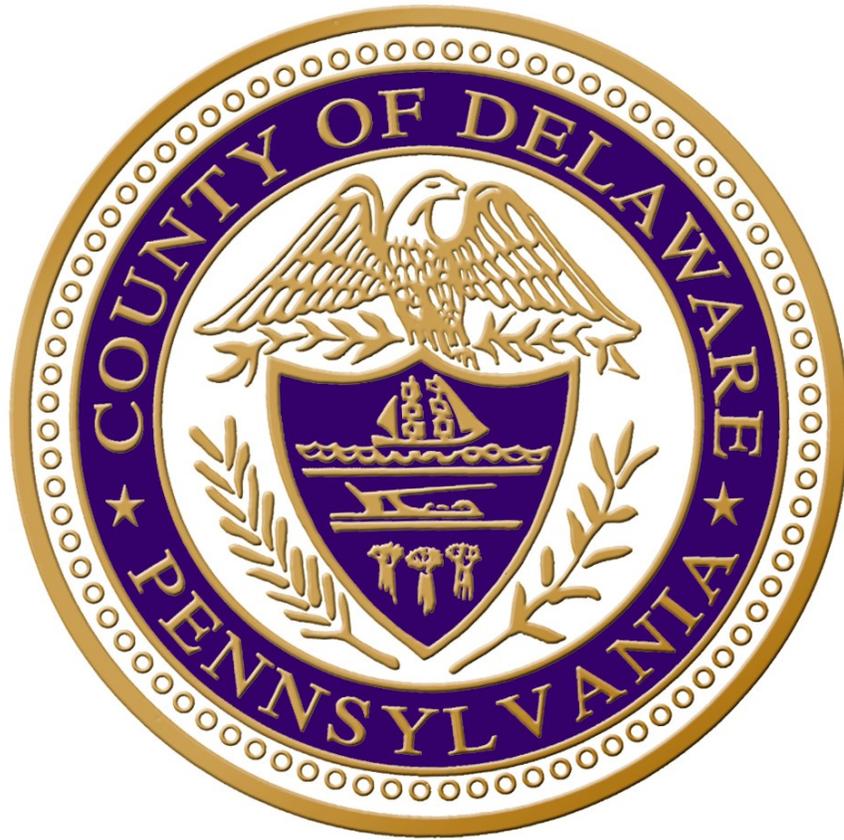
Acknowledgments

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

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

A handwritten signature in cursive script that reads "Edward E. O'Lone".

Edward E. O'Lone, CPA
Controller





Government Finance Officers Association

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

Presented to

**County of Delaware
Pennsylvania**

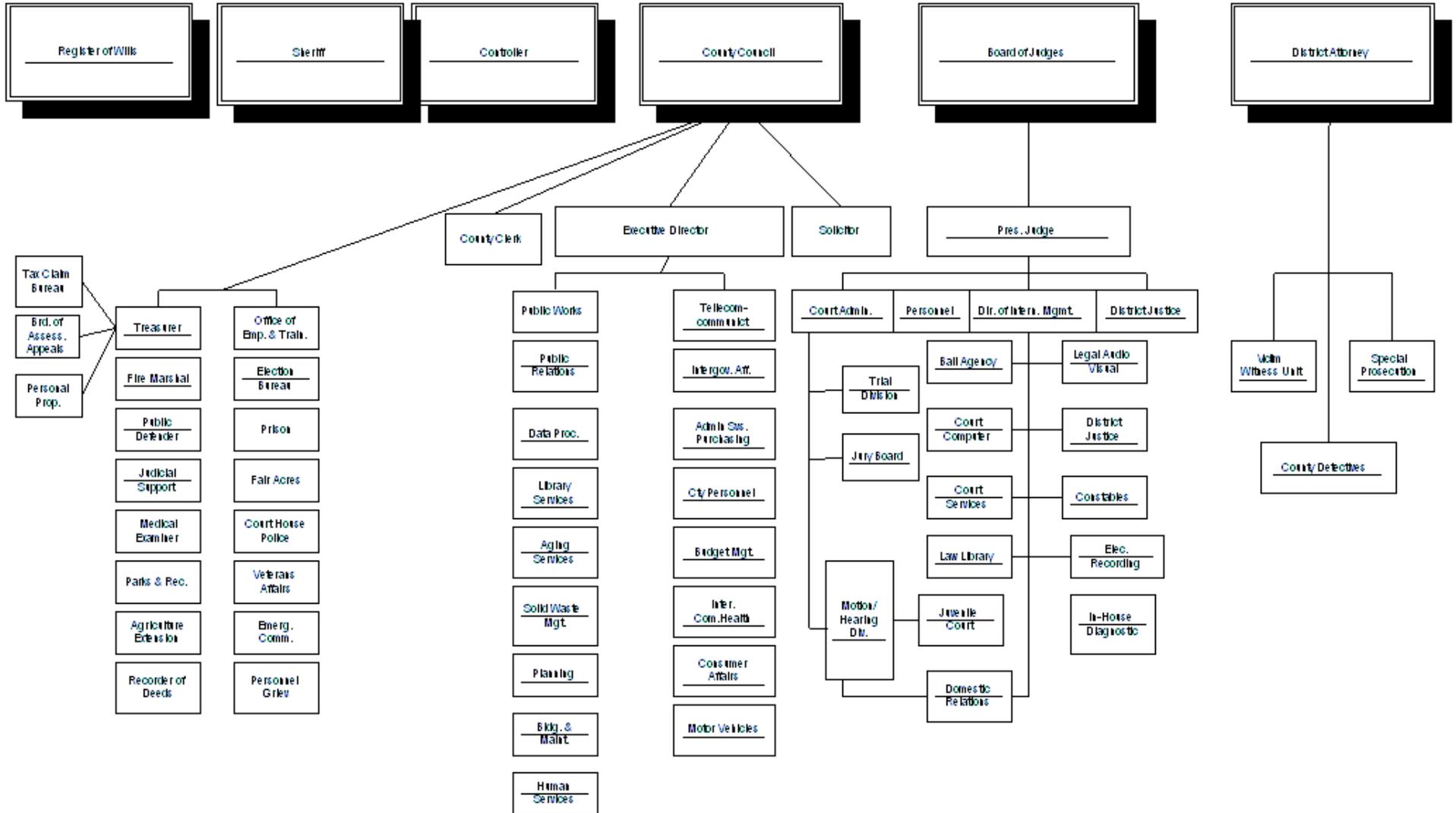
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Organizational Chart

ELECTORATE DELAWARE COUNTY



County of Delaware, Pennsylvania

Principal County Officials December 31, 2014

Council

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

Judicial Support

Angela L. Martinez, Esq.

County of Delaware, Pennsylvania

Principal County Officials December 31, 2014

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

Chad F. Kenney, President Judge

James F. Proud

George A. Pagano

Ann A. Osborne

Kevin F. Kelly

Kathrynann W. Durham

Barry C. Dozor

James P. Bradley

James F. Nilon, Jr.

Mary Alice Brennan

Gregory Mallon

Linda A. Cartisano

Spiros E. Angelos

G. Michael Green

Nathaniel C. Nichols

Christine Fizzano Cannon

John P. Capuzzi

Richard M. Cappelli

William C. Mackrides

Anthony D. Scanlon

Senior Judges

Michael F. X. Coll

Joseph P. Cronin, Jr.

Charles B. Burr, II

Frank T. Hazel

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, comprised of the Delaware County Solid Waste Authority, which reflect total assets of \$70,636,763 as of December 31, 2014, and total revenues of \$35,016,600 for the year then ended, the financial statements of the Economic Development Oversight Board, which reflect total assets of \$1,223,117 as of December 31, 2014, and total revenues of \$651,476 for the year then ended, the financial statements of the Redevelopment Authority of the County of Delaware, which reflect total assets of \$5,451,045 as of December 31, 2014, and total revenues of \$11,372,450 for the year then ended, and the financial statements of the Delaware County Chester Waterfront Industrial Development Authority, which reflect total assets of \$25,381,598 as of December 31, 2014, and total revenues of \$7 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delaware County Solid Waste Authority, Economic Development Oversight Board, Redevelopment Authority of the County of Delaware, and the Delaware County Chester Waterfront Industrial Development Authority, is based 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, 2014, 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 13 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans, an Amendment to GASB Statement No. 25* in 2014 to conform to accounting principles generally accepted in the United States of America. The County expanded its note disclosures and required supplementary information related to its pension plan. Our opinion is 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, the Schedule of Funding Progress for the Retirement Health Plan ("OPEB"), the Schedule of Funding Progress for Employee's Retirement Plan, the Schedule of Changes in the County's Net Pension Liability and Related Ratios, the OPEB Plan Schedule of Employer Cost, Schedule of Employer Contributions, and the Schedule of Investment Returns on pages 88 through 92 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 93 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, 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 Viechow Krause, LLP

Philadelphia, Pennsylvania
June 25, 2015

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, 2014 compared to 2013. 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 5-10 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 2014, the County's total net position as shown in the government wide statements increased by \$2,609,022. This increase in net position is primarily attributable to an increase in real estate tax revenues as well as prudent management of expenses.

Overview of the Financial Statements

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

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

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

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

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

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

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

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

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

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

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

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

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

The basic governmental fund financial statements can be found on pages 35-38 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 39-41 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 44-87 of this report.

Required supplementary information. Certain required supplementary information concerning the County's progress in funding its obligations to provide pension and 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 88-92 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 93-121 of this report.

General Fund Budgetary Highlights

The General Fund final expenditure budget for fiscal year 2014 was approximately \$229 million. This was an increase of approximately \$6 million or 2.7% from the prior year final budget. There were no council amendments to the 2014 General Fund budget. The County expended approximately \$12 million less than budgeted as a result of controlling expenditures.

The General Fund budget complied with 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 \$(60,035,609). It should be noted that the County previously issued debt of approximately \$32 million with the corresponding assets being recorded on the County's discretely presented component unit, County of Delaware Solid Waste Authority's balance sheet and debt of approximately \$29 million with the corresponding assets being recorded on the County's discretely presented component unit, the Delaware County Chester Waterfront Industrial Development Authority's balance sheet.

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
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 361	\$ 346	\$ 27	\$ 27	\$ 388	\$ 373	4.02 %
Capital assets	170	169	11	12	181	181	0.00
Total assets	531	515	38	39	569	554	2.71
Other liabilities	131	108	8	8	139	116	19.83
Long-term liabilities outstanding	406	416	30	31	436	447	(2.46)
Total liabilities	537	524	38	39	575	563	2.13
Net position:							
Net investment in capital assets	(60)	(68)	(21)	(21)	(81)	(89)	(8.99)
Restricted	7	11	-	-	7	11	(36.36)
Unrestricted	47	48	21	21	68	69	(1.45)
Total net position	\$ (6)	\$ (9)	\$ -	\$ -	\$ (6)	\$ (9)	(33.33) %

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
	2014	2013	2014	2013	2014	2013	
Program revenues:							
Charges for services	\$ 26	\$ 28	\$ 76	\$ 75	\$ 102	\$ 103	(0.97) %
Operating grants and contributions	315	303	-	-	315	303	3.96
Capital grants	-	1	-	-	-	1	(100.00)
General revenues:							
Property taxes	173	165	-	-	173	165	4.85
Gaming revenue	9	9	-	-	9	9	0.00
Investment earnings	2	3	-	1	2	4	(50.00)
Total revenues	525	509	76	76	601	585	2.74
Program expenses:							
General government	141	131	-	-	141	131	7.63
Judicial	47	48	-	-	47	48	(2.08)
Corrections	71	71	-	-	71	71	0.00
Health and human services	251	248	-	-	251	248	1.21
Highways, streets and bridges	2	3	-	-	2	3	(33.33)
Interest on long-term debt	8	8	-	-	8	8	0.00
Geriatric center	-	-	78	80	78	80	(2.50)
Total expenses	520	509	78	80	598	589	1.53
Transfers	(2)	(4)	2	4	-	-	0.00
Change in net position	3	(4)	-	-	3	(4)	(175.00)
Net position, beginning	(9)	(5)	-	-	(9)	(5)	80.00
Net position, ending	\$ (6)	\$ (9)	\$ -	\$ -	\$ (6)	\$ (9)	(33.33) %

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

Governmental activities. Governmental activities increased the County's net position by approximately \$3 million. Key elements of this increase are a result of the following:

- General revenues increased by approximately \$8 million due to an increase to the property tax millage rate for 2014 as well as an increase in the overall assessment amount.
- Operating grants and contributions increased by approximately \$12 million primarily resulting from increases in additional health and human service grants.
- Expenses were held in check through staff vacancies, the County retirement incentive program, cost containment measures and lower than expected insurance, benefits, and retirement contribution costs.
- The operating transfer from the General Fund to the Geriatric Center decreased by approximately \$2 million.

Business-type activity. Business-type activities resulted in a net transfer of \$2 million from the general fund. In 2013 the net transfer was \$4 million. Key elements of changes in the business-type activity are as follows:

- The County's geriatric center costs were down approximately \$2 million due to ongoing efforts on cost containment and less in workers compensation claims.
- The geriatric center's revenue increased by approximately \$600,000 due to supplemental payments received from the PA Department of Public Welfare.

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the Major Funds

General Fund

Revenues of the general fund totaled \$237,345,157 for the year ended December 31, 2014. The following represents a summary of general fund revenue, by source, along with changes from 2013:

	2014 Amount	2013 Amount	Increase (Decrease) from 2013	Percentage Increase (Decrease)
Real estate taxes	\$ 171,551,067	\$ 164,860,852	\$ 6,690,215	4.06 %
Gaming revenue	8,604,779	9,334,840	(730,061)	(7.82)
Licenses and permits	17,415	62,948	(45,533)	(72.33)
Investment earnings	989,914	934,677	55,237	5.91
General grants	24,333,691	24,778,008	(444,317)	(1.79)
Charges for services, fines, and forfeits	21,915,998	22,860,520	(944,522)	(4.13)
Other	9,932,293	8,433,514	1,498,779	17.77
Total	<u>\$ 237,345,157</u>	<u>\$ 231,265,359</u>	<u>\$ 6,079,798</u>	<u>2.63 %</u>

Real estate tax revenue increased in 2014 from 2013, as a result of an increase in the County's millage rate and an increase in the overall assessment amount in 2014. Actual taxes collected were higher than budgeted for 2014, primarily as a result of increased tax collections from prior years.

The decrease in gaming revenues is primarily due to the rise in the number of licensed gaming facilities in the local market.

General grants decreased slightly due to a decrease in expenditures which are reimbursable by the state.

The decrease in charges for services, fines, and forfeits is mainly due to reduced departmental revenues related to real estate sales and transfers, wills and estates and in the area of court-related fines and fees.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

General fund expenditures totaled \$216,583,696 which represents an increase of \$2,516,763 or 1.2% from 2013. The following represents a summary of general fund expenditures for the year ended December 31, 2014, by source, along with changes from 2013:

	2014 Amount	2013 Amount	Increase (Decrease) from 2013	Percentage Increase (Decrease)
General government	\$ 23,146,549	\$ 22,575,866	\$ 570,683	2.53 %
Judicial	50,873,015	50,000,068	872,947	1.75
Corrections	64,184,935	63,059,037	1,125,898	1.79
Transportation	6,921,000	6,921,000	-	0.0
Other	47,150,666	47,263,253	(112,587)	(0.24)
Debt service:				
Principal	16,861,294	16,179,257	682,037	4.22
Interest	7,446,237	8,068,452	(622,215)	(7.71)
Total	<u>\$ 216,583,696</u>	<u>\$ 214,066,933</u>	<u>\$ 2,516,763</u>	<u>1.18 %</u>

General government expenditures increased primarily as a result of increased costs related to the departments of Facilities Management, Information Technology, Telecommunications, Administrative Services and Voting Machines.

Corrections expenditures increased primarily as a result of increased costs related to the County Prison and the office of the Medical Examiner and District Attorney.

The overall increase in debt service expenditures is primarily due to increased principal costs in 2014.

County of Delaware, Pennsylvania

Management's Discussion and Analysis (Unaudited)

The following shows the original and final budget for the General Fund (which as noted above required no councilmanic changes):

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenues:			
Real estate taxes	\$ 166,986,000	\$ 166,986,000	\$ -
Gaming revenue	10,000,000	10,000,000	-
Licenses and permits	37,000	37,000	-
General grants	28,388,000	28,388,000	-
Charges for services, fines and forfeits	23,862,000	23,862,000	-
Investment earnings	800,000	800,000	-
Other	8,410,000	8,410,000	-
Total revenues	<u>238,483,000</u>	<u>238,483,000</u>	<u>-</u>
Expenditures:			
General government	24,948,000	25,181,279	233,279
Judicial	57,153,000	57,153,000	-
Corrections	64,653,000	65,210,494	557,494
Transportation	6,921,000	6,921,000	-
Other	53,466,000	50,196,227	(3,269,773)
Debt service:			
Principal	19,440,000	16,865,000	(2,575,000)
Interest	9,371,000	7,450,000	(1,921,000)
Total expenditures	<u>\$ 235,952,000</u>	<u>\$ 228,977,000</u>	<u>\$ (6,975,000)</u>

Expenditures

General Government - The general government budget was increased primarily as a result of unanticipated costs for the departments of Administrative Services, Information Technology, and Parks & Recreation.

Corrections - The corrections budget was increased primarily as a result of unanticipated contractual revenue reductions relative to the County Prison, which required additional County funding.

Other - The budget for "other" expenditures was reduced primarily to reflect the allocation of benefits expense to the 911 Fund.

Debt service - The overall debt service budget was reduced to reflect the allocation of debt service expense to the 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, 2014, the County expended \$10,801,510 for such projects which represents an increase of \$341,173 from 2013. This spending is in line with 2013. Capital Projects Fund balances at December 31, 2014 totaled \$14,173,466, of which \$5,475,000 is nonspendable for an investment pledged by the Delaware County Solid Waste Authority as a Department of Environment Protection Agency bonding requirement.

Health and Human Service Funds

The Health and Human Service Funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditures for specific purposes. The Health and Human Service Funds' had a combined deficiency of revenues over expenditures of approximately \$6,423,000 in 2014 and 2013. Such deficiencies represented County match in both years and were reflected as operating transfers from the General Fund accordingly.

Other Governmental Funds

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

The County maintains seven special revenue funds, which contain activity related to Social Services, Employment and Training, the County's 911 Program, Library Services, Bridge Construction and Repair, Community Development Block Grant Funding and Marcellus Shale Impact Fees. Revenues and expenditures totaled \$45,211,189 and \$51,471,914 respectively, for 2014. These amounts represent an increase in revenue of 7.8% and an increase in expenditures of 6.1% from 2013 amounts. The 911 program had a deficiency of revenues over expenditures of approximately \$6.9 million which is the County subsidy. The following programs had excess (deficiency) revenues over expenditures in 2014 as follows: - CDBG/Rehab program - \$163,982, Library - \$(72,926), Liquid Fuels - \$(346,643) and Marcellus Shale - \$38,358.

Pension Trust Fund

The net position - reserved for employee's pension benefits was \$463,376,325. 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, 2014, amounts to \$180,906,226 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements.

	Governmental Activities	Business-Type Activity	Total
Land	\$ 5,658,759		\$ 5,658,759
Land improvements	4,916,281		4,916,281
Buildings and improvements	121,205,013	\$ 8,717,628	129,922,641
Equipment	24,475,443	2,479,043	26,954,486
Infrastructure	4,654,975		4,654,975
Construction in progress	8,799,084		8,799,084
	<u>\$ 169,709,555</u>	<u>\$ 11,196,671</u>	<u>\$ 180,906,226</u>

Additional information on the County's capital assets can be found in Note 11 on page 64 of this report.

Long-Term Debt

As of December 31, 2014, the County's net general obligation debt of \$293,615,899 is well below the legal limit of \$1,536,253,887 by \$1,216,654,887. Additional information on the County's long-term debt can be found at Note 15 on pages 73-76 of this report.

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

County of Delaware, Pennsylvania

Management's Discussion and Analysis
(Unaudited)

Economic Outlook

The County of Delaware experienced another successful year in the economic development front. Our growth in 2014 remained consistent and stable.

Back in 2011, our county was devastated by the news that our two refineries; Sun Company and Conoco Phillips were closing and hundreds of people were out of work. Today, those closed refineries have been repurposed and Delaware County is at the epicenter of the growing energy industry. Monroe Energy, Eddystone Rail, Brasken, Sunoco Logistics, and the Mariner East pipeline are all positioning our small county as a leader in the U.S. shale oil and gas industries.

The County's role in the refining, shipping, and processing of liquid and natural gas products is significant. The entire state benefits from this subsequent investment in our county. We have seen the headlines about Marcus Hook, calling it "Rebound Town", but that's only one segment of our growth. Boeing, one of our leading industries in Ridley Township learned in 2014 that the U.S. Navy plans to procure 12 V-22 Ospreys which should keep thousands of workers employed building the fuselage and subsystems at the Ridley plant.

Sun Company is moving its corporate headquarters from center city Philadelphia to a 200,000 square foot building in Newtown Square at the Ellis Preserve bringing 400 employees to that town.

Day and Zimmerman, an engineering and construction firm is relocating its Wilmington office to the Wharf Building in Chester, spending \$1.2 million to rehab the space and bring 100 jobs to the location.

New Hudson Facades which manufactures curtain wall systems is building a \$16 million facility in Lower Chichester creating 168 jobs.

In Ridley Township, a \$43 million mixed use development project is underway on a piece of land that was vacant since 1980. Soon, there will be retail stores and a beautiful new hotel on the property.

Brandywine Mills is a \$33 million commercial development under construction in Concord and some grocery shoppers are awaiting the opening of Wegmans on the site.

In Middletown Township, the Granite Run Mall is being revitalized and in Marple Township, there are plans for a major retail and residential development on the grounds of the former CK Center and Don Guanella Village. There are over 200 acres on this property in Marple Township.

The County's Industrial Development Authority recently commissioned a follow-up study by IHS Global to target potential development opportunities along the waterfront as the result of the construction of the Mariner East II pipeline by Sunoco Logistics. Over 250,000 barrels of shale gas daily will be transported to Marcus Hook for processing when the \$2 million project is completed. Potential future ancillary developments are boundless.

As good as the past has been, the future promises even more positive 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
- Redevelopment Authority of the County of Delaware
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

Basic Financial Statements

County of Delaware, Pennsylvania

 Statement of Net Position
 December 31, 2014

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activity		
Assets				
Cash and cash equivalents	\$ 82,282,208	\$ 3,634,607	\$ 85,916,815	\$ 14,670,331
Receivables (net of allowance for uncollectibles):				
Taxes	9,721,773	-	9,721,773	-
Accounts	2,601,474	15,968,614	18,570,088	4,840,151
Grants	32,245,371	-	32,245,371	-
Notes	5,639,008	-	5,639,008	184,062
Other	6,579,975	-	6,579,975	501,202
Due from component units	7,475,000	-	7,475,000	-
Internal balances	(6,221,597)	6,221,597	-	-
Inventories	-	-	-	128,178
Other assets	5,069,860	10,404	5,080,264	1,506,652
Investments	-	-	-	8,028,805
Restricted cash and cash equivalents	33,303,579	804,882	34,108,461	5,299,931
Investment in joint venture	182,246,603	-	182,246,603	-
Capital assets (net of accumulated depreciation):				
Land	5,658,759	-	5,658,759	8,873,485
Land improvements	4,916,281	-	4,916,281	3,549,330
Construction in progress	8,799,084	-	8,799,084	1,639,255
Buildings and improvements	121,205,013	8,717,628	129,922,641	52,711,891
Equipment	24,475,443	2,479,043	26,954,486	759,250
Infrastructure	4,654,975	-	4,654,975	-
Total assets	\$ 530,652,809	\$ 37,836,775	\$ 568,489,584	\$ 102,692,523
Liabilities				
Accounts payable and other current liabilities	\$ 32,883,814	\$ 3,970,174	\$ 36,853,988	\$ 5,571,181
Accrued interest payable	1,746,692	-	1,746,692	-
Other liabilities	23,532,573	-	23,532,573	-
Due to primary government	-	-	-	7,475,000
Unearned revenue	39,985,217	2,075,550	42,060,767	118,923
Liabilities payable from restricted assets	122,489	-	122,489	-
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	15,286,773	2,231,227	17,518,000	957,000
Claims payable	4,617,147	-	4,617,147	-
Early retirement incentives	451,724	-	451,724	-
Other post-employment obligation	12,000,000	-	12,000,000	-
Due in more than one year:				
Bonds and notes payable	278,329,126	29,559,824	307,888,950	10,448,000
Claims payable	756,185	-	756,185	-
Early retirement incentives	570,200	-	570,200	-
Other post-employment obligation	126,668,000	-	126,668,000	-
Accrued closure costs	-	-	-	14,270,911
Total liabilities	536,949,940	37,836,775	574,786,715	38,841,015
Net Position				
Net investment in capital assets	(60,035,609)	(20,594,380)	(80,629,989)	56,128,211
Restricted for:				
Highways and streets	1,430,456	-	1,430,456	-
Infrastructure	38,358	-	38,358	-
Library	609,672	-	609,672	-
Community development	3,961,639	-	3,961,639	-
Title IV D program	426,047	-	426,047	-
Economic development	-	-	-	426,638
Solid waste	-	-	-	5,000,000
Unrestricted	47,272,306	20,594,380	67,866,686	2,296,659
Total net position	(6,297,131)	-	(6,297,131)	63,851,508
Total liabilities and net position	\$ 530,652,809	\$ 37,836,775	\$ 568,489,584	\$ 102,692,523

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Activities

Year Ended December 31, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 141,161,340	\$ 8,916,675	\$ 46,246,136	\$ -
Judicial	47,072,546	5,137,583	22,130,838	-
Corrections	71,432,033	11,696,677	816,834	-
Health and human services	251,336,280	-	244,913,281	-
Highways, streets and bridges	2,187,625	-	1,757,397	81,308
Interest on long-term debt	8,123,155	-	-	-
Total governmental activities	521,312,979	25,750,935	315,864,486	81,308
Business-type activity,				
Geriatric Center	77,855,996	75,783,231	-	-
Total primary government	<u>\$ 599,168,975</u>	<u>\$ 101,534,166</u>	<u>\$ 315,864,486</u>	<u>\$ 81,308</u>
Component Units				
Solid Waste Authority	\$ 38,550,456	\$ 34,822,563	\$ 171,038	\$ -
Economic Development	697,539	97,813	547,838	-
Industrial Development Authority	978,834	-	-	-
Redevelopment Authority	11,657,654	2,000	11,370,185	-
Total component units	<u>\$ 51,884,483</u>	<u>\$ 34,922,376</u>	<u>\$ 12,089,061</u>	<u>\$ -</u>

General Revenues

Property taxes

Gaming revenue

Grants and charges no restricted to specific programs

Unrestricted investment earnings

Transfers

 Total general revenues and transfers

 Change in net position

Net Position, Beginning

Net Position, Ending

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

Governmental Activities	Business-Type Activity	Total	Component Units
\$ (85,998,529)	\$ -	\$ (85,998,529)	
(19,804,125)	-	(19,804,125)	
(58,918,522)	-	(58,918,522)	
(6,422,999)	-	(6,422,999)	
(348,920)	-	(348,920)	
(8,123,155)	-	(8,123,155)	
(179,616,250)	-	(179,616,250)	
-	(2,072,765)	(2,072,765)	
(179,616,250)	(2,072,765)	(181,689,015)	
			\$ (3,556,855)
			(51,888)
			(978,834)
			(285,469)
			(4,873,046)
172,842,088	-	172,842,088	-
8,604,779	-	8,604,779	-
494,046	-	494,046	-
2,356,693	431	2,357,124	29,096
(2,072,334)	2,072,334	-	-
182,225,272	2,072,765	184,298,037	29,096
2,609,022	-	2,609,022	(4,843,950)
(8,906,153)	-	(8,906,153)	68,695,458
\$ (6,297,131)	\$ -	\$ (6,297,131)	\$ 63,851,508

See notes to financial statements

County of Delaware, Pennsylvania

Balance Sheet
 Governmental Funds
 December 31, 2014

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 58,547,341	\$ 1,371,704	\$ 12,762,946	\$ 5,625,020	\$ 78,307,011
Receivables:					
Taxes	10,664,682	-	-	-	10,664,682
Accounts	2,601,474	-	-	-	2,601,474
Grants	4,896,563	-	24,039,363	3,309,445	32,245,371
Notes	-	-	-	5,639,008	5,639,008
Other	132,910	-	-	-	132,910
Due from component units	2,000,000	5,475,000	-	-	7,475,000
Due from other funds	22,453,923	-	18,492,767	8,441,163	49,387,853
Other restricted assets	2,336,493	21,974,725	5,197,494	3,794,867	33,303,579
Other assets	1,144,114	-	1,944,666	67,646	3,156,426
Total assets	\$ 104,777,500	\$ 28,821,429	\$ 62,437,236	\$ 26,877,149	\$ 222,913,314
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Vouchers and accounts payable	\$ 10,970,640	\$ 690,638	\$ 15,840,002	\$ 5,382,534	\$ 32,883,814
Payroll payable	3,621,386	-	-	-	3,621,386
Payable from restricted assets	122,489	-	-	-	122,489
Due to other funds	26,224,826	13,957,325	11,726,217	3,185,783	55,094,151
Unearned revenues	2,513,661	-	26,105,596	11,365,960	39,985,217
Other liabilities	10,694,743	-	8,765,421	902,747	20,362,911
Total liabilities	54,147,745	14,647,963	62,437,236	20,837,024	152,069,968
Deferred Inflows of Resources, Unavailable revenues - taxes	8,822,903	-	-	-	8,822,903
Fund Balances:					
Nonspendable:					
Prepaid items	1,144,114	-	-	-	1,144,114
Long term receivable	-	5,475,000	-	-	5,475,000
Restricted for:					
Highways and streets	-	-	-	1,430,456	1,430,456
Infrastructure	-	-	-	38,358	38,358
Library	-	-	-	609,672	609,672
Community development	-	-	-	3,961,639	3,961,639
Title IV D program	426,047	-	-	-	426,047
Capital projects	-	8,274,442	-	-	8,274,442
Assigned to:					
Capital projects	-	424,024	-	-	424,024
County geriatric center	12,000,000	-	-	-	12,000,000
Employee healthcare costs	12,000,000	-	-	-	12,000,000
Unassigned	16,236,691	-	-	-	16,236,691
Total fund balances	41,806,852	14,173,466	-	6,040,125	62,020,443
Total liabilities, deferred inflows of resources and fund balances	\$ 104,777,500	\$ 28,821,429	\$ 62,437,236	\$ 26,877,149	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	351,956,158
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	8,822,903
Long-term notes receivable will be collected in the future but are not available to pay for the current periods' expenditures and therefore are not recognized as revenue on the governmental fund financial statements	6,447,065
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(942,909)
Accrued interest payable included on the statement of net position	(1,746,692)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds	
Bonds and notes payable	(293,615,899)
Early retirement incentives	(570,200)
Other post-employment obligation	(138,668,000)

Net position of governmental activities **\$ (6,297,131)**

County of Delaware, Pennsylvania

 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Health & Human Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Real estate taxes	\$ 171,551,067	\$ -	\$ -	\$ -	\$ 171,551,067
Gaming revenue	8,604,779	-	-	-	8,604,779
Licenses and permits	17,415	-	-	-	17,415
General grants	24,333,691	81,308	-	45,211,189	69,626,188
Charges for services, fines and forfeits	21,915,998	-	-	-	21,915,998
Investment earnings	989,914	272,821	-	-	1,262,735
Health and human service grants	-	-	244,913,281	-	244,913,281
Other	9,932,293	-	-	-	9,932,293
Total revenues	237,345,157	354,129	244,913,281	45,211,189	527,823,756
Expenditures					
Current:					
General government	23,146,549	-	-	-	23,146,549
Judicial	50,873,015	-	-	-	50,873,015
Corrections	64,184,935	-	-	-	64,184,935
Transportation	6,921,000	-	-	-	6,921,000
Health and human services	-	-	251,336,280	-	251,336,280
Highways, streets and bridges	-	-	-	1,555,907	1,555,907
Other	47,150,666	-	-	49,916,007	97,066,673
Debt service:					
Principal	16,861,294	38,515,528	-	-	55,376,822
Interest	7,446,237	798,961	-	-	8,245,198
Debt issuance costs	-	210,529	-	-	210,529
Capital outlay	-	10,801,510	-	-	10,801,510
Total expenditures	216,583,696	50,326,528	251,336,280	51,471,914	569,718,418
Excess of Revenues					
Over (Under) Expenditures	20,761,461	(49,972,399)	(6,422,999)	(6,260,725)	(41,894,662)
Other Financing Sources (Uses)					
Issuance of refunding note payable	-	38,726,057	-	-	38,726,057
Transfers in	1,060,000	-	13,011,484	7,103,496	21,174,980
Transfers out	(15,598,829)	-	(6,588,485)	(1,060,000)	(23,247,314)
Total other financing sources (uses)	(14,538,829)	38,726,057	6,422,999	6,043,496	36,653,723
Net Change in Fund Balances	6,222,632	(11,246,342)	-	(217,229)	(5,240,939)
Fund Balance, Beginning	35,584,220	25,419,808	-	6,257,354	67,261,382
Fund Balance, Ending	\$ 41,806,852	\$ 14,173,466	\$ -	\$ 6,040,125	\$ 62,020,443

See notes to financial statements

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, 2014

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

Net change in fund balances - total governmental funds (page 36) \$ (5,240,939)

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 capital outlays exceeded depreciation in the current period

Purchase of capital assets	\$ 9,753,647	
Depreciation expense	<u>(9,207,538)</u>	546,109

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 (See Note 25) 7,292,218

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 1,305,275

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 (138,687)

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, 2014 are as follows:

Issuance of refunding note payable	(38,726,057)	
Payments to refund notes payable	38,515,528	
Scheduled principal payments on long-term debt made in 2014	16,861,294	
Allocation of debt to business type activity for capital assets	1,281,967	
Accretion of bond and note premiums	<u>837,421</u>	18,770,153

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. 122,043

OPEB expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds (19,827,000)

Payments related to early retirement expense is reported as expenditures in the funds, while the payment reduces long-term liabilities in the statement of net position (177,951)

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 (42,199)

Change in net position of governmental activities (pages 33-34) \$ 2,609,022

County of Delaware, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual Comparison - General Fund
Year Ended December 31, 2014

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Real estate taxes	\$ 166,986,000	\$ 166,986,000	\$ 171,551,067	\$ 4,565,067
Gaming revenue	10,000,000	10,000,000	8,604,779	(1,395,221)
Licenses and permits	37,000	37,000	17,415	(19,585)
General grants	28,388,000	28,388,000	24,333,691	(4,054,309)
Charges for services, fines and forfeits	23,862,000	23,862,000	21,915,998	(1,946,002)
Investment earnings	800,000	800,000	989,914	189,914
Other	8,410,000	8,410,000	9,932,293	1,522,293
Total revenues	238,483,000	238,483,000	237,345,157	(1,137,843)
Expenditures				
Current:				
General government	24,948,000	25,181,279	23,146,549	2,034,730
Judicial	57,153,000	57,153,000	50,873,015	6,279,985
Corrections	64,653,000	65,210,494	64,184,935	1,025,559
Transportation	6,921,000	6,921,000	6,921,000	-
Other	53,466,000	50,196,227	47,150,666	3,045,561
Debt service:				
Principal	19,440,000	16,865,000	16,861,294	3,706
Interest	9,371,000	7,450,000	7,446,237	3,763
Total debt service	28,811,000	24,315,000	24,307,531	7,469
Total expenditures	235,952,000	228,977,000	216,583,696	12,393,304
Excess of Revenues Over Expenditures	2,531,000	9,506,000	20,761,461	11,255,461
Other Financing Sources (Uses)				
Transfers in	5,259,000	1,000,000	1,060,000	60,000
Transfers out	(13,558,000)	(16,274,000)	(15,598,829)	675,171
Total other financing sources (uses), net	(8,299,000)	(15,274,000)	(14,538,829)	735,171
Net Change in Fund Balance			6,222,632	6,222,632
Fund Balance, Beginning			35,584,220	35,584,220
Fund Balance, Ending	\$ -	\$ -	\$ 41,806,852	\$ 41,806,852

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2014

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,634,607	\$ 3,975,197
Accounts receivable, net	15,968,614	-
Due from other funds	6,221,597	4,145,933
Other restricted assets	804,882	-
Prepaid expense and other assets	10,404	1,913,434
	<u>26,640,104</u>	<u>10,034,564</u>
Total current assets		
Noncurrent assets:		
Capital assets:		
Buildings and improvements	52,035,605	-
Equipment	37,261,885	-
	<u>89,297,490</u>	<u>-</u>
Total capital assets		
Less accumulated depreciation	<u>(78,100,819)</u>	<u>-</u>
	<u>11,196,671</u>	<u>-</u>
Total noncurrent assets		
Total assets	<u><u>\$ 37,836,775</u></u>	<u><u>\$ 10,034,564</u></u>
Liabilities		
Current liabilities:		
Vouchers and accounts payable	\$ 3,970,174	\$ -
Unearned revenue	2,075,550	-
Due to other funds	-	4,661,232
Claims payable	-	4,617,147
General obligation bonds and notes - current	2,231,227	-
	<u>8,276,951</u>	<u>9,278,379</u>
Total current liabilities		
Noncurrent liabilities:		
General obligation bonds and notes payable	29,559,824	-
Claims payable	-	756,185
	<u>29,559,824</u>	<u>756,185</u>
Total noncurrent liabilities		
Total liabilities	<u>37,836,775</u>	<u>10,034,564</u>
Net Position		
Net investment in capital assets	(20,594,380)	-
Unrestricted	20,594,380	-
	<u>-</u>	<u>-</u>
Total net position		
Total liabilities and net position	<u><u>\$ 37,836,775</u></u>	<u><u>\$ 10,034,564</u></u>

See notes to financial statements

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

Proprietary Funds

Year Ended December 31, 2014

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Operating Revenues		
Charges for services	\$ 75,783,231	\$ 46,443,382
Operating Expenses		
Administration	13,097,283	150,219
Operation, maintenance, and housekeeping	10,648,126	-
Nursing	22,254,886	-
Dietary	7,277,348	-
Medical and physical therapy	4,642,276	-
Employee benefits	16,311,830	-
Insurance claims	-	46,293,550
Depreciation	1,967,365	-
Total operating expenses	76,199,114	46,443,769
Operating Loss	(415,883)	(387)
Nonoperating Revenues (Expenses)		
Investment earnings	431	387
Miscellaneous (expenses) revenues	(27,123)	-
Interest expense	(1,629,759)	-
Total nonoperating (expenses) revenues	(1,656,451)	387
Transfers in	2,072,334	-
Change in Net Position	-	-
Net Position, Beginning	-	-
Net Position, Ending	\$ -	\$ -

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2014

	Business-Type Activity Geriatric Care	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 78,291,546	\$ 49,919,611
Payments to suppliers	(33,898,957)	(49,474,698)
Payments to employees for services	(40,276,221)	-
	<u>4,116,368</u>	<u>444,913</u>
Net cash provided by operating activities		
	<u>4,116,368</u>	<u>444,913</u>
Cash Flows from Noncapital Financing Activities		
Transfer from other fund	9,647	-
	<u>9,647</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Activities		
Proceeds from issuance of refunding notes payable	6,439,943	-
Payments to refund notes payable	(6,421,472)	-
Principal paid on capital debt	(2,604,706)	-
Proceeds of debt for purchase of capital assets	1,281,967	-
Interest paid on capital debt	(1,629,759)	-
Acquisitions of capital assets	(1,281,967)	-
	<u>(4,215,994)</u>	<u>-</u>
Net cash used in capital and related financing activities		
	<u>(4,215,994)</u>	<u>-</u>
Cash Flows Provided by Investing Activities		
Interest received	431	387
	<u>431</u>	<u>387</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(89,548)	445,300
Cash and Cash Equivalents, Beginning	3,724,155	3,529,897
Cash and Cash Equivalents, Ending	<u>\$ 3,634,607</u>	<u>\$ 3,975,197</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (415,883)	\$ (387)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,967,365	-
Decrease in accounts receivable	2,584,228	-
Decrease (increase) in prepaid expense and other assets	7,081	(190,110)
Increase in due to other funds	-	3,476,229
Increase in restricted assets	(8,621)	-
Increase in vouchers and accounts payable	58,111	-
Decrease in unearned revenue	(75,913)	-
Decrease in claims payable	-	(2,840,819)
	<u>4,532,251</u>	<u>445,300</u>
Total adjustments		
	<u>4,532,251</u>	<u>445,300</u>
Net Cash Provided by Operating Activities	<u>\$ 4,116,368</u>	<u>\$ 444,913</u>

See notes to financial statements

County of Delaware, Pennsylvania

Statement of Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2014

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 10,587,092	\$ 100,828
Interest receivable	754,070	-
Investments, at fair value:		
U.S. government securities	49,036,895	-
Corporate bonds	37,344,840	-
Common and preferred stocks and stock funds	333,682,153	-
Guaranteed investment contracts	27,880,576	-
Other fixed income securities	4,617,064	-
	<u>452,561,528</u>	<u>-</u>
Total investments	452,561,528	-
Total assets	463,902,690	100,828
Liabilities		
Accounts payable and other liabilities	526,365	1,084
	<u>526,365</u>	<u>1,084</u>
Net Position		
Net position restricted for pensions and other	\$ 463,376,325	\$ 99,744
	<u><u>463,376,325</u></u>	<u><u>99,744</u></u>

See notes to financial statements

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

Fiduciary Funds

Year Ended December 31, 2014

	Pension Trust Fund	Deshong Private-Purpose Trust Fund
Additions		
Contributions:		
Plan members	\$ 10,929,265	\$ -
County	4,159,063	-
Total contributions	<u>15,088,328</u>	<u>-</u>
Investment earnings:		
Interest and dividends	9,670,727	17
Net appreciation in fair value of investments	17,250,883	-
Less investment expense	<u>(1,220,493)</u>	<u>-</u>
Net investment income	<u>25,701,117</u>	<u>17</u>
Total additions	<u>40,789,445</u>	<u>17</u>
Deductions		
Death benefits	1,081,980	-
Refunds of contributions	2,368,365	-
Administrative expenses	48,804	167,282
Retirement allowance	<u>21,816,047</u>	<u>-</u>
Total deductions	<u>25,315,196</u>	<u>167,282</u>
Net Increase (Decrease) in Net Position	15,474,249	(167,265)
Net Position, Restricted for Pensions and Other, Beginning	<u>447,902,076</u>	<u>267,009</u>
Net Position, Restricted for Pensions and Other, Ending	<u><u>\$ 463,376,325</u></u>	<u><u>\$ 99,744</u></u>

See notes to financial statements

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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, 2014

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, 2014

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. Although not legally obligated to do so, for management control purposes, County Council reviews and approves interdepartmental budget transfers. 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, 2014

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 \$942,909 at December 31, 2014.

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, 2014, appropriate interfund receivables or payables have been established.

Restricted Assets

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

Capital Assets

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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, 2014, are recorded as unearned revenue on the governmental fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the County will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting this category.

In addition to liabilities, the County will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes which are deferred and recognized as an inflow of resources in the period that the amounts become available.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs as expense, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

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

The County reports the following classifications for governmental fund balances:

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

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

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

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

County of Delaware, Pennsylvania

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December 31, 2014

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 invested in capital assets, net of related debt 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.

Accounting Standards Update

In June 2012, the GASB issued Statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. The effect of this adoption expanded pension fund note disclosures and the related required supplementary information tables.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption of this standard did not have an impact on the County's December 31, 2014 financial statements.

On April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The adoption of this standard did not have a material impact on the County's December 31, 2014 financial statements.

2. Reporting Entity

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

Discretely Presented Component Units

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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
- Redevelopment Authority of the County of Delaware
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

County of Delaware, Pennsylvania

Notes to Financial Statements

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

Condensed Statement of Net Position

December 31, 2014

	<u>Economic Development Oversight Board</u>	<u>Solid Waste Authority</u>	<u>Redevelop- ment Authority</u>	<u>Waterfront Industrial Development Authority</u>	<u>Totals</u>
Assets:					
Current assets	\$ 923,186	\$ 16,419,064	\$ 4,426,846	\$ 61,480	\$ 21,830,576
Long-term assets	299,931	13,028,805	-	-	13,328,736
Capital assets, net	-	41,188,894	1,024,199	25,320,118	67,533,211
Total	<u>\$ 1,223,117</u>	<u>\$ 70,636,763</u>	<u>\$ 5,451,045</u>	<u>\$ 25,381,598</u>	<u>\$ 102,692,523</u>
Liabilities:					
Current liabilities	\$ 87,422	\$ 5,393,299	\$ 209,383	\$ -	\$ 5,690,104
Long-term liabilities	-	25,675,911	-	-	25,675,911
Due to primary government	-	7,475,000	-	-	7,475,000
Total liabilities	<u>87,422</u>	<u>38,544,210</u>	<u>209,383</u>	<u>-</u>	<u>38,841,015</u>
Net position:					
Net investment in capital assets	-	29,783,894	1,024,199	25,320,118	56,128,211
Restricted	426,638	5,000,000	-	-	5,426,638
Unrestricted	709,057	(2,691,341)	4,217,463	61,480	2,296,659
Total net position	<u>1,135,695</u>	<u>32,092,553</u>	<u>5,241,662</u>	<u>25,381,598</u>	<u>63,851,508</u>
Total	<u>\$ 1,223,117</u>	<u>\$ 70,636,763</u>	<u>\$ 5,451,045</u>	<u>\$ 25,381,598</u>	<u>\$ 102,692,523</u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

Condensed Statement of Activities For the Year Ended December 31, 2014

	<u>Economic Development Oversight Board</u>	<u>Solid Waste Authority</u>	<u>Redevelop- ment Authority</u>	<u>Waterfront Industrial Development Authority</u>	<u>Totals</u>
Program revenues:					
Charges for services	\$ 97,813	\$ 34,822,563	\$ 2,000	\$ -	\$ 34,922,376
Operating grants and contributions	<u>547,838</u>	<u>171,038</u>	<u>11,370,185</u>	<u>-</u>	<u>12,089,061</u>
Total	<u>645,651</u>	<u>34,993,601</u>	<u>11,372,185</u>	<u>-</u>	<u>47,011,437</u>
Expenses:					
Operating expenses	697,539	34,496,049	11,657,654	-	46,851,242
Depreciation and depletion	<u>-</u>	<u>4,054,407</u>	<u>-</u>	<u>978,834</u>	<u>5,033,241</u>
Total	<u>697,539</u>	<u>38,550,456</u>	<u>11,657,654</u>	<u>978,834</u>	<u>51,884,483</u>
Net expense	(\$51,888)	(\$3,556,855)	(\$285,469)	(\$978,834)	(4,873,046)
General revenues	<u>5,825</u>	<u>22,999</u>	<u>265</u>	<u>7</u>	<u>29,096</u>
Change in net position	(46,063)	(3,533,856)	(285,204)	(978,827)	(4,843,950)
Net position, beginning	<u>1,181,758</u>	<u>35,626,409</u>	<u>5,526,866</u>	<u>26,360,425</u>	<u>68,695,458</u>
Net position, ending	<u>\$ 1,135,695</u>	<u>\$ 32,092,553</u>	<u>\$ 5,241,662</u>	<u>\$ 25,381,598</u>	<u>\$ 63,851,508</u>

Related Organizations

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

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

3. Component Units - Summary of Significant Accounting Policies

Solid Waste Authority

Basis of Accounting

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

Landfill Site/Depletion

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

Closure and Post Closure Costs

The capacity of the landfill is 22,289,000 cubic yards. 15,355,425 cubic yards of capacity has been utilized through December 31, 2014. Approximately 69% of existing landfill capacity has been utilized to date. Depletion charge for the year ended December 31, 2014 was \$346,338.

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 3.396%, 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

The DEP raised the bonding requirement to the amount of \$20,714,788 which was met and is being maintained. DCSWA met the total bonding requirement with cash on hand and a letter of credit in the amount of \$3,410,000. In 2014 the DEP released restricted assets and the letter of credit in exchange for DCSWA obtaining a surety bond amounting to \$20,390,083 for post closure costs. Terms of the surety bond require DCSWA to deposit \$5,000,000 in cash collateral to be held in an interest bearing account by the Surety Company. As of December 31, 2014 the letter of credit was still in place.

Accrued closure and post closure costs, as reflected on the statement of net position, are \$14,270,911 and \$1,158,212 was charged against income in 2014. The estimated closure and post closure costs total \$20,714,788, comprised of \$4,869,201 of closure costs and \$15,845,587 of post closure costs. At December 31, 2014, there remains \$6,443,877 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. 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. No depreciation is taken beyond the anticipated life of the landfill. The DCSWA capitalizes assets in excess of \$2,000.

Letter of Credit

DCSWA has an automatically renewing open standby letter of credit with the bank for the benefit of Pennsylvania Department of Environmental Protection (the "DEP"). This letter of credit is in the amount of \$3,410,000 to adhere to DEP requirements.

Convanta Delaware Valley, LP - Revenue and Expense

The DCSWA has assumed from the County, the right, title, and interest in a service agreement with Covanta Delaware Valley, LP ("Covanta"). The County, through DCSWA, is obligated to deliver County waste to the Covanta facility for each billing year of twelve consecutive months guaranteed tonnage of 303,375 tons. Covanta is required, in turn, to pay the DCSWA, landfill host community fees for process residue resulting from the processing of the 303,375 tons of County waste at its facility. Further, Covanta pays to the DCSWA disposal fees for non-County waste. During 2014, DCSWA paid to Covanta \$11,645,012, which included insurance costs, for its County waste deliveries. Covanta paid to the Authority \$6,125,521 in residue charges.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2014

Concentrations

The DCSWA derived 18% 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 cash equivalents which consist of treasury bills, money market funds, commercial paper, certificates of deposit, common trust funds, mutual funds, and fixed income securities which consist of U.S. government and agency securities, collateralized mortgage obligations, mortgage-backed pass-throughs, nontaxable corporate bonds, asset-backed securities, and GNMA pass-through securities.

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

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

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

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

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

Credit Risk

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

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

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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

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

Deposits are comprised of demand deposit accounts with financial institutions. At December 31, 2014, cash on hand was \$6,249. At December 31, 2014, the carrying amount of deposits and the bank balance was \$130,706,947 and \$140,029,123, 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, 2014, \$750,000 of the County's bank balance was insured by the Federal Deposit Insurance Corporation ("FDIC"). The remaining balance of \$139,279,123 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2014 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	\$ 139,279,123
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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, 2014, the County's total investments of \$452,561,528 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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, 2014, the international equity fund represented approximately 17.4% of the total portfolio.

The following is the carrying value (fair value) of deposits and investments at December 31, 2014:

	S&P Rating (1)(2)	Duration (Range) (1)	Fair Value
Cash and cash equivalents	N/A	N/A	\$ 130,713,196
Investments:			
Stocks	N/A	N/A	333,057,602
Guaranteed investment contracts	N/A	N/A	24,530,196
Annuity	N/A	N/A	3,350,380
U.S. government and agencies	AA+	12.0-18.15	39,269,250
Mortgage obligations	AA+	0.50-3.10	655,479
Mortgage-backed pass-throughs	AA+	0.73-3.57	5,630,952
Corporate bonds	A-	0.26-8.26	10,739,157
	AA-	0.30-5.94	2,081,758
	A	0.87-7.29	5,836,599
	BBB+	0.15-6.99	4,086,347
	A+	1.71-15.86	3,397,328
	BBB	0.40-5.78	6,085,442
	AAA	2.60-8.34	959,979
	AA	1.60-16.18	2,059,311
	AA+	0.85-8.32	5,123,835
	BBB-	0.32-6.54	1,838,485
	NR	2.07-3.70	495,852
Asset-backed securities	AAA	0.03	167,696
Municipal bonds	A+	2.10-3.01	341,325
	AA	0.80-4.50	790,151
	AA-	0.30-5.40	1,293,149
	AA+	0.50-16.71	229,967
	AAA	1.50-1.60	208,869
	NR	0.50-1.50	132,721
	N/A	2.90	199,698
			<u>452,561,528</u>
Total investments			<u>\$ 583,274,724</u>
Total			<u><u>\$ 583,274,724</u></u>

(1) N/A - not applicable

(2) N/R - not rated

5. Component Units - Deposits and Investments

Economic Development Oversight Board

On December 31, 2014, the total carrying amount of EDOB's checking and savings deposits was \$540,872 and the corresponding bank balance was \$549,527.

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.

Solid Waste Authority

On December 31, 2014, the DCSWA held \$10,307,915 in 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 \$5,000,000 which is included in restricted cash as of December 31, 2014. Per terms of the surety bond, the collateral deposit is protected from custodial credit risk.

Redevelopment Authority

On December 31, 2014, the total carrying amount of RDA's checking, savings and escrow deposits was \$4,059,995 and the corresponding bank balance was \$4,060,495.

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.

Chester Waterfront Industrial Development Authority

On December 31, 2014, the IDA held \$61,480 in cash and cash equivalents and a corresponding bank balance of \$61,480.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2014

6. 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 \$942,909 as of December 31, 2014 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, 2014, the millage rate was 5.604.

7. Other Receivables

Other receivables of \$6,579,975 in the governmental activities consist of amounts due from the City of Chester of \$6,447,065 (Note 26) and various other receivables of \$132,910.

8. Accounts Receivable, Net

Accounts receivable, net of \$15,968,614 in the business-type activity consists of amounts due from the Commonwealth of Pennsylvania Department of Public Welfare Medical Assistance of \$11,039,185; Private Pay Patients of \$5,469,369; Medicare Part A and B of \$1,113,015 and other patient-related receivables of \$1,283,213. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$2,936,168 at December 31, 2014.

Accounts receivable, net of \$2,601,474 in the governmental activities consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$1,699,650 and various miscellaneous receivables of \$901,824.

9. 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, 2014 are represented by receivables in the amount of \$3,217,920, net of an allowance for doubtful accounts of \$75,072.

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, 2014 totaled \$1,283,693. No allowance has been established for the landfill hauler fees since all were anticipated to have been collected.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

10. 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, 2014, 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	3,794,867
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	1,383
Capital Project Funds to be utilized for various capital improvement projects as defined in the corresponding note agreements	21,955,763
Capital Project Funds to be utilized for Help America Vote Act Program	17,579
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	5,197,494
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; they are classified as other restricted assets on the proprietary funds statement of net position	<u>804,882</u>
Total	<u>\$ 34,108,461</u>

Component units:

Delaware County Solid Waste Authority deposited funds with an escrow agent to be used for the payment of closure and post closure care costs	\$ 5,000,000
Delaware County Economic Development Oversight Board maintains restricted cash related to Community Development Block Grant revolving loan fund requirements	<u>299,931</u>
Total	<u>\$ 5,299,931</u>

County of Delaware, Pennsylvania

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11. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2014	Additions	Reclassifi- cations/ Disposals	December 31, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,648,759	\$ 10,000	\$ -	\$ 5,658,759
Construction in progress	9,012,202	402,203	(615,321)	8,799,084
Total capital assets not being depreciated	14,660,961	412,203	(615,321)	14,457,843
Capital assets being depreciated:				
Land improvements	14,607,959	463,265	-	15,071,224
Buildings and improvements	224,484,492	4,272,847	-	228,757,339
Equipment	92,208,614	4,465,782	(618,969)	96,055,427
Infrastructure	8,041,992	754,871	-	8,796,863
Total capital assets being depreciated	339,343,057	9,956,765	(618,969)	348,680,853
Less accumulated depreciation for:				
Land improvements	9,485,835	669,108	-	10,154,943
Buildings and improvements	102,715,588	4,836,738	-	107,552,326
Equipment	68,580,847	3,618,106	(618,969)	71,579,984
Infrastructure	4,058,302	83,586	-	4,141,888
Total accumulated depreciation	184,840,572	9,207,538	(618,969)	193,429,141
Total capital assets being depreciated, net	154,502,485	749,227	-	155,251,712
Governmental activities, capital assets, net	<u>\$ 169,163,446</u>	<u>\$ 1,161,430</u>	<u>\$ (615,321)</u>	<u>\$ 169,709,555</u>

County of Delaware, Pennsylvania

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	January 1, 2014	Additions	Reclassifi- cations/ Disposals	December 31, 2014
Business-type activity, Geriatric Center: Capital assets being depreciated:				
Buildings and improvements	\$ 50,340,127	\$ 1,281,967	\$ -	\$ 51,622,094
Equipment	37,675,397	-	-	37,675,397
 Total capital assets being depreciated	 88,015,524	 1,281,967	 -	 89,297,491
 Less accumulated depreciation for:				
Buildings and improvements	41,872,740	1,031,726	-	42,904,466
Equipment	34,260,715	935,639	-	35,196,354
 Total accumulated depreciation	 76,133,455	 1,967,365	 -	 78,100,820
 Total capital assets being depreciated, net	 11,882,069	 (685,398)	 -	 11,196,671
 Business-type activity, capital assets, net	 \$ 11,882,069	 \$ (685,398)	 \$ -	 \$ 11,196,671

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,060,143
Corrections	2,453,517
Public ways and facilities, including depreciation of general infrastructure assets	83,586
Health and human service	312,007
Recreation	294,305
Other	3,980
 Total	 \$ 9,207,538

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 69,756,116
General obligation bonds	270,160,900
General fund	4,094,987
State grants	17,855,652
Restricted 911 special revenue	1,271,041
 Total	 \$ 363,138,696

County of Delaware, Pennsylvania

Notes to Financial Statements
December 31, 2014

12. Component Units - Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2014 was as follows:

	January 1, 2014	Additions	Reclassifi- cations/ Disposals	December 31, 2014
Capital assets not being depreciated,				
Land	\$ 7,000,000	\$	\$ -	\$ 7,000,000
Construction in progress	1,008,163	631,092	-	1,639,255
Total capital assets not being depreciated	8,008,163	631,092	-	8,639,255
Capital assets being depreciated or depleted:				
Landfill	51,032,359	103,630	-	51,135,989
Machinery and equipment	9,790,245	508,355	-	10,298,600
Buildings and structures	13,440,028	-	-	13,440,028
Pad construction	71,125,483	29,827	-	71,155,310
Total capital assets being depreciated	145,388,115	\$641,812	-	146,029,927
Less accumulated depreciation and depletion for:				
Landfill	47,240,321	346,338	-	47,586,659
Machinery and equipment	9,331,154	208,198	-	9,539,352
Buildings and structures	9,733,600	579,528	-	10,313,128
Pad construction	43,120,807	2,920,344	-	46,041,151
Total accumulated depreciation and depletion	109,425,882	4,054,408	-	113,480,290
Total capital assets being depreciated or depleted, net	35,962,233	(3,412,596)	-	32,549,637
Capital assets, net	\$ 43,970,396	\$ (2,781,504)	\$ -	\$ 41,188,892

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The capital asset activity for the IDA for the year ended December 31, 2014 was as follows:

	January 1, 2014	Additions	Reclassifi- cations/ Disposals	December 31, 2014
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	3,915,334	978,834	-	4,894,168
Total capital assets being depreciated, net	25,449,666	(978,834)	-	24,470,832
Capital assets, net	<u>\$ 26,298,952</u>	<u>\$ (978,834)</u>	<u>\$ -</u>	<u>\$ 25,320,118</u>

13. 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 Commissioners, the County Controller and the County Treasurer.

At January 1, 2014, the measurement date, members of the plan was as follows:

Inactive plan members currently receiving benefits	1,449
Inactive plan members entitled to benefits but not yet receiving them	208
Current employees	<u>3,215</u>
Total membership	<u>4,872</u>
Number of participating employers	<u>1</u>

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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 in 2014) 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 2014, the annual contribution by the County was \$4,159,063 based on the January 1, 2014 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%. 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

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The County's annual pension cost and net pension obligation for the current year were calculated as follows:

Annual required contribution	\$ 4,159,063
Interest on net pension obligation	(357,597)
Adjustment to annual required contribution	<u>966,496</u>
Annual pension cost	4,767,962
Contributions made	<u>(4,159,063)</u>
Change in net pension obligation (asset)	608,899
Net pension obligation (asset), beginning of year	<u>(1,766)</u>
Net pension obligation (asset), end of year	<u>\$ 607,133</u>

The County's annual required contribution for 2014 was determined as part of the January 1, 2014 actuarial valuation. The County's annual pension costs, annual required contributions and net pension benefit obligation to the plan are as follows for 2014, 2013 and 2012:

Annual Pension Cost-Three Year Trend Information

Years Ended December 31	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2014	\$ 4,767,962	87.23 %	\$ 607,133
2013	7,146,641	99.99	(1,766)
2012	7,142,276	99.99	(1,879)

Schedule of Contributions from the Employer Three-Year Trend Contributions

Years Ended December 31	Annual Required Contribution	Percentage of Annual Required Contribution
2014	\$ 4,159,063	100.00 %
2013	7,146,641	100.00
2012	7,142,276	100.00

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The funded status of the Plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Liability (Asset) (c)	Funded Ratio (a)/(b)	Annual Covered Payroll (d)	Ratio of Unfunded Liability to Annual Covered Payroll (b-a)/d
Delaware County Employees' Retirement System	\$ 447,902,076	\$ 436,487,382	\$ (11,414,694)	102.6 %	\$ 134,056,126	(8.5) %

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

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 2014 measurement period.

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic equity	40-50 %	5.4-6.4 %
International equity	15-20	5.5-6.5
Fixed income	30-40	1.3-3.3
Real estate	0-5	4.5-5.5
Cash and cash equivalents	0-2	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 2014 measurement period are summarized in the above table.

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of Pension Fund investment expense, was 6.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

County of Delaware, Pennsylvania

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Pension Liability of the Plan

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2014 were as follows:

Total pension liability	\$ 448,152,742
Plan fiduciary net position	<u>463,376,325</u>
Plan net pension liability	<u>\$ (15,223,583)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>103.40%</u>

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2014
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	Market

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 2014 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.

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.

County of Delaware, Pennsylvania

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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 \$15,223,583 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)	\$ 19,447,836	\$ (15,223,583)	\$ (44,135,357)

14. Long-Term Liabilities

Primary Government

The following is a summary of changes in noncurrent liabilities of the County for the year ended December 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Liability for claims payable	\$ 8,214,151	\$ 46,443,769	\$ (49,284,588)	\$ 5,373,332	\$ 4,617,147
Liability for early retirement incentive	750,820	722,828	(451,724)	1,021,924	451,724
Liability for general obligation debt	312,386,052	38,726,057	(57,496,210)	293,615,899	15,286,773
Liability for OPEB obligation	118,841,000	31,576,000	(11,749,000)	138,668,000	12,000,000
Governmental activity, Long-term liabilities	<u>\$ 440,192,023</u>	<u>\$ 117,468,654</u>	<u>\$ (118,981,522)</u>	<u>\$ 438,679,155</u>	<u>\$ 32,355,644</u>
Business-type activity, Liability for general obligation debt	<u>\$ 33,095,319</u>	<u>\$ 7,721,910</u>	<u>\$ (9,026,178)</u>	<u>\$ 31,791,051</u>	<u>\$ 2,231,227</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.

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Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Liability for accrued closure costs	\$ 13,048,897	\$ 1,222,014	\$ -	\$ 14,270,911	\$ -
Liability for note payable	2,100,000	-	500,000	1,600,000	500,000
Liability for revenue notes payable	10,248,000	-	443,000	9,805,000	457,000
Long-term liabilities	<u>\$ 25,396,897</u>	<u>\$ 1,222,014</u>	<u>\$ 943,000</u>	<u>\$ 25,675,911</u>	<u>\$ 957,000</u>

15. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2014:

	Governmental Activities	Business-Type Activity	Total
Outstanding at the beginning of the year	\$ 312,386,052	\$ 33,095,319	\$ 345,481,371
Issuance of note	38,726,057	6,439,943	45,166,000
Accretion of bond premiums	(837,421)	-	(837,421)
Refinancing of note and series bond	(38,515,528)	(6,421,472)	(44,937,000)
Allocation of debt for capital assets	(1,281,967)	1,281,967	-
Retirements and repayments	(16,861,294)	(2,604,706)	(19,466,000)
Outstanding at end of year	<u>\$ 293,615,899</u>	<u>\$ 31,791,051</u>	<u>\$ 325,406,950</u>

Total balance includes the premiums of \$5,807,950. Actual debt outstanding was \$319,599,000 at December 31, 2014.

The outstanding balance at December 31, 2014 related to governmental activities of \$293,615,899 includes \$6,230,679 of debt used to fund the capital assets of SEPTA. The following summarizes general obligation debt, by type, outstanding at December 31, 2014:

	Governmental Activities	Business-Type Activity	Total
Serial bonds and notes	\$ 287,807,949	\$ 31,791,051	\$ 319,599,000

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A summary of general obligation debt outstanding at December 31, 2014 is as follows:

Year of Issue/ Final Maturity	Amount of Original Issue	Purpose	Outstanding at December 31, 2014	Current Portion
1997/2022	\$ 50,000,000	Fund SEPTA projects, building and park improvements, construction of a prison, and various other County projects	\$ 23,069,000	\$ 10,000
2002/2022	61,524,000	Refinance the 1999 notes used to fund SEPTA projects and various other County projects	13,790,000	1,570,000
2005/2021	69,425,000	Refinance the 1995 bonds used to refund the 1990 and 1992 bonds and advance refund the Delaware County Authority's 1976 Revenue Bonds; refinance the 2001 note used to fund SEPTA projects and various other County projects; refinance the 2002A note used to fund SEPTA projects and various other County projects	59,030,000	3,250,000
2005/2019	10,000,000	Fund voting machine project and various other County projects	2,244,000	449,000
2007/2027	26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	18,960,000	2,235,000
2007/2016	15,584,000	Refund the 1997 bond to reduce total debt service	4,338,000	2,139,000
2008/2017	9,537,000	Refund the 2002 bond and refinance a portion of the 2002 Note and portions of the 2007 Notes	3,320,000	1,071,000
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	25,735,000	625,000
2009/2019	54,750,000	Refund the 1999 General Obligation Note to reduce total debt service	33,785,000	6,160,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	45,165,000	5,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,998,000	1,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,999,000	1,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	45,166,000	2,000
Total			<u>\$ 319,599,000</u>	<u>\$ 17,518,000</u>

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Interest rates on the above obligations range from 1% to a maximum potential variable rate of 15%.

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, 2014 is presented below:

	<u>Principal Maturity</u>	<u>Interest Maturity ⁽¹⁾</u>	<u>Total Principal and Interest Maturities</u>
Years:			
2015	\$ 17,518,000	\$ 9,637,756	\$ 27,155,756
2016	20,308,000	8,918,658	29,226,658
2017	20,909,000	8,326,580	29,235,580
2018	21,512,000	7,734,350	29,246,350
2019	22,123,000	7,133,626	29,256,626
2020-2024	120,981,000	25,804,147	146,785,147
2025-2029	65,990,000	9,920,894	75,910,894
2030-2034	22,593,000	3,761,554	26,354,554
2035-2039	7,665,000	1,217,444	8,882,444
Total	<u>\$ 319,599,000</u>	<u>\$ 82,455,009</u>	<u>\$ 402,054,009</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 \$8,123,157 for the year ended December 31, 2014.

During 2014 the County completed a partial refunding of the 1997 and 2002 debt to level debt service payments. The transaction resulted in additional cash flow requirements of approximately \$4,600,000 for interest and an economic loss of approximately \$31,000.

In September 2014, the Loan Agreements (Agreements) between the County and the Delaware Valley Regional Finance Authority ("DVRFA") for the 1997 Note, the 2002 Note, the 2005 B Note, the 2007 A Note, the 2007 B Note, the 2008 A Series, the 2010 Bonds, the 2012 Notes and the 2013 Series were collectively amended to provide a cure period of 180 days for any events of default that would trigger an acceleration under the respective Agreements. The 180 day cure period is also included under the County/DVRFA Agreement for the 2014 Bonds.

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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 \$201,049,000 is outstanding at December 31, 2014.

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

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

As of December 31, 2014, 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	\$ 23,069,000	\$ 1,884,547	\$ -
2002	13,790,000	1,347,668	737,581
2005	2,244,000	183,315	176,754
2007	23,289,000	1,903,254	2,680,606
2008	3,320,000	271,206	146,761
2010	45,165,000	3,689,606	3,240,829
2012	19,998,000	1,633,671	3,360,388
2013	24,999,000	2,042,211	3,027,940
2014	45,166,000	-	-

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

16. 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 is to be repaid as follows:

Years ending December 31:		
2015	\$	500,000
2016		500,000
2017		<u>600,000</u>
Total	\$	<u>1,600,000</u>

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 Delaware Valley Regional Finance Authority issued on behalf of the DCSWA, Guaranteed Revenue Notes, 2009 A Series (the "2009 A Notes") in the amount of \$2,400,000.

On March 25, 2010, the Delaware Valley Regional Finance Authority issued on behalf of the Authority, Guaranteed Revenue Notes, 2010 B Series (the "2010 B Notes") in the amount of \$2,400,000.

On March 25, 2010, the Delaware Valley Regional Finance Authority issued on behalf of the DCSWA, Guaranteed Revenue Notes, 2010 C Series (the "2010 C Notes") in the amount of \$2,400,000.

Principal is payable annually on March 25 beginning March 25, 2010. 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

On March 26, 2012, the Delaware Valley Regional Finance Authority 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:		
2015	\$ 457,000	\$ 288,306
2016	471,000	274,223
2017	486,000	259,681
2018	501,000	244,674
2019	518,000	235,744
2020-2033	<u>7,372,000</u>	<u>1,360,999</u>
Total	<u>\$ 9,805,000</u>	<u>\$ 2,663,627</u>

For the year ended December 31, 2014, interest expense amounted to \$339,457.

17. Interfund Receivables and Payables

Interfund receivable and payable balances as of December 31, 2014 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 22,453,923	\$ 26,224,826
Health and Human Service Fund	18,492,767	11,726,217
Capital Projects Fund	-	13,957,325
Other Governmental Funds	8,441,163	3,185,783
Enterprise Fund	6,221,597	-
Internal Service Funds	<u>4,145,933</u>	<u>4,661,232</u>
Total	<u>\$ 59,755,383</u>	<u>\$ 59,755,383</u>

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

18. Amounts Due To/From Component Units

The following is a summary of amounts due to/from component units (the DCSWA and RDA) at December 31, 2013, activity for 2014, and amounts due at December 31, 2014:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Balance, December 31, 2013	\$ 2,000,000	\$ 5,475,000	\$ 7,475,000
Additions	-	-	-
Repayments	-	-	-
Balance, December 31, 2014	<u>\$ 2,000,000</u>	<u>\$ 5,475,000</u>	<u>\$ 7,475,000</u>

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 2014 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.

19. Interfund Transfers

Interfund transfers for the year ended December 31, 2014 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,060,000	\$ 15,598,829
Health and Human Service Fund	13,011,484	6,588,485
Enterprise Fund	2,072,334	-
Other Governmental Funds	7,103,496	1,060,000
Total	<u>\$ 23,247,314</u>	<u>\$ 23,247,314</u>

Transfers from the general fund to the health and human service fund and the other governmental funds are unrestricted revenue collected in the general fund used for the County's match for various grant agreements. Transfers from the general fund to the enterprise fund are unrestricted revenues collected in the general fund used to subsidize operating shortfalls in the proprietary fund.

20. Other Revenues

Other revenues of approximately \$9,932,000 in the governmental funds consist of funds received related to gaming proceeds for economic development of approximately \$1,442,000; revenue from the City of Chester of approximately \$441,000; rental income of approximately \$670,000; funds received from the state equalization board of approximately \$472,000; payments in lieu of taxes of approximately \$278,000 and various other revenues of \$6,629,000.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

21. 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 \$39,985,217 consists of the General Fund of \$2,513,661 representing grants and other fees, Health and Human Service of \$26,105,596 and Other Governmental Funds of \$11,365,960 representing grants received which were not earned at December 31, 2014.

22. 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, 2014 under the various leases are as follows:

Years ending December 31:

2015	\$ 3,306,936
2016	3,203,715
2017	2,997,942
2018	2,379,532
2019	2,110,902
2020-2024	2,215,221
2025-2029	259,957
2030	<u>29,172</u>
Total	<u>\$ 16,503,377</u>

Total rental expense for these leases during 2014 was \$3,187,346.

Contingencies

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

The County is involved in various litigation matters arising in the normal course of business which are still pending. The ultimate outcome of these cases or the County's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty. It is the opinion on 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, 2014.

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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

23. Other Post-Employment Benefits

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 30,766,000
Interest on net OPEB obligation	5,348,000
Adjustment to annual required contribution	<u>(4,538,000)</u>
Annual OPEB cost (expense)	31,576,000
Contributions made	<u>(11,749,000)</u>
Increase in net OPEB obligation	19,827,000
Net OPEB obligation at January 1, 2014	<u>118,841,000</u>
Net OPEB obligation at December 31, 2014	<u><u>\$ 138,668,000</u></u>

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2014 were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Years ended December 31:			
2014	\$ 31,576,000	37%	\$ 138,668,000
2013	19,581,000	34%	118,841,000
2012	27,843,000	42%	99,286,000

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability ("AAL")	\$ 312,524,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 312,524,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	<u>\$ 148,593,000</u>
UAAL as percentage of covered payroll	210.3%

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

Actuarial Methods and Assumptions

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

In the January 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is the expected long term investment return of the County's investments and deposits used to pay plan benefits, an annual health care costs trend rate of 9%, 7% for post 65 and Medicare eligible retirees, initially, reduced by decrements to an ultimate rate of 5%, an inflation rate of 3.5% and a projected salary increase of 3.5%. The UAAL is being amortized using the level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

24. Self-Insurance Program

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

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

	<u>1988 to 1992</u>	<u>1993 to 1999</u>	<u>2000 to 2001</u>
Workers' compensation	\$ 300,000	\$ 300,000	\$ 250,000
Casualty/liability (excluding vehicles)	-	100,000	100,000
Health benefits	75,000	75,000	75,000
Vehicles	100,000	100,000	100,000
	<u>2002 to 2006</u>	<u>2007 to 2013</u>	<u>2014</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 \$46,443,769, which includes insurance claims of \$46,293,550 and administrative costs of \$150,219. 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.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

An analysis of the claims activity is presented as follows:

	2014			
	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Actual Claim Payments	Balance at End of Year
Self-Insured Health Insurance Fund	\$ 5,893,559	\$ 39,643,038	\$ 40,919,450	\$ 4,617,147
Self-Insured Workers' Compensation Fund	1,401,031	1,779,615	2,889,524	291,122
Self-Insured Casualty/Liability Fund	919,561	5,021,116	5,475,614	465,063
Total	<u>\$ 8,214,151</u>	<u>\$ 46,443,769</u>	<u>\$ 49,284,588</u>	<u>\$ 5,373,332</u>

	2013			
	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Actual Claim Payments	Balance at End of Year
Self-Insured Health Insurance Fund	\$ 3,055,022	\$ 39,785,190	\$ 36,946,653	\$ 5,893,559
Self-Insured Workers' Compensation Fund	1,355,457	2,125,094	2,079,520	1,401,031
Self-Insured Casualty/Liability Fund	919,561	5,077,236	5,077,236	919,561
Total	<u>\$ 5,330,040</u>	<u>\$ 46,987,520</u>	<u>\$ 44,103,409</u>	<u>\$ 8,214,151</u>

25. 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 2014, the County's budget contribution was \$7,292,218. Included on the statement of net position is an investment in a joint venture totaling \$182,246,603 at December 31, 2014.

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

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

26. 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 15). 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. During 2014, the City made scheduled payments to the County for approximately \$441,477. The present value of this asset amounting to approximately \$6,446,559 has been recorded in other receivables on the government-wide statement of net position at December 31, 2014 (Note 7).

27. Early Retirement Incentive

During 2010, the County offered an Early Retirement Incentive Plan (the "2010 Plan") which allowed employees and eligible spouses and dependents to retain their existing health care coverage for a period of 5 years. The 2010 Plan was a one-time voluntary incentive retirement program for full-time employees who were at least 60 or who were at least age 55 with at least 20 full years of full-time employment with the County as of their retirement date. The 2010 Plan included a life-time waiver of the contribution for spousal and dependent coverage. In addition, eligible employees received a medical benefit subsidy payment based off years of service calculated at \$300 per year of service. The amount payable pursuant to this program was \$338,200 at December 31, 2014, all of which is included in current liabilities in the statement of net position.

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 dependant coverage. In addition, eligible employees can receive Medicare Part B premium reimbursement through June 30, 2019. The amount payable pursuant to this program was \$683,724 at December 31, 2014, 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.

28. New Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* ("GASB 68"). The objective of this Statement is to improve financial reporting by state and local governmental pension plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this standard identifies the methods and assumptions that should 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. Note disclosure and required supplementary information requirements about pensions also are addressed. The County is required to adopt Statement No. 68 for its calendar 2015 financial statements.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pensions plans prior to implementation of that Statement by employers and non-employer contributing entities. The County is required to adopt Statement No. 71 for its calendar 2015 financial statements.

In February of 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of the statement is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County is required to adopt Statement No. 72 for its calendar 2016 financial statements.

In June of 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The County is required to adopt Statement No. 73 for its calendar 2016 financial statements.

County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2014

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

In June of 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide: Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The County is required to adopt Statement No. 75 for its calendar 2018 financial statements.

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

Required Supplementary Information

County of Delaware, Pennsylvania

Required Supplementary Information

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

OPEB Plan Schedule of Employer Cost

Year Ended December 31, 2014 (Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
January 1, 2014	\$ -	\$ 312,524	\$ 312,524	- %	\$ 148,593	210.3 %
January 1, 2013	-	292,385	292,385	-	148,593	196.8 %
January 1, 2012	-	291,875	291,875	-	134,154	217.6 %
January 1, 2011	-	275,677	275,677	-	131,212	210.1 %
January 1, 2010	-	308,751	308,751	-	127,960	241.3 %
January 1, 2009	-	284,300	284,300	-	129,284	219.9 %

OPEB Plan Schedule of Employer Cost (In Thousands)

Year Ended	Annual OPEB Cost ("AOC")	Percentage of ARC Contributed	Net OPEB Obligation
2014	\$ 31,576	37%	\$ 138,668
2013	29,851	34%	118,841
2012	27,843	42%	99,286
2011	26,418	41%	83,021
2010	30,903	22%	67,524
2009	23,880	18%	43,276

County of Delaware, Pennsylvania

Required Supplementary Information

Schedule of Funding Progress for Employees' Retirement Plan

Year Ended December 31, 2014 (Unaudited)

Schedule of Funding Progress for the Employees' Retirement Plan (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
January 1, 2014	\$ 447,902	\$ 436,487	\$ (11,415)	102.6 %	\$ 134,056	(8.5) %
January 1, 2013	394,833	415,611	20,778	95.0 %	131,612	15.8 %
January 1, 2012	376,064	401,198	25,134	93.7 %	126,634	19.8 %
January 1, 2011	361,732	376,516	14,784	96.1 %	128,948	11.5 %
January 1, 2010	341,664	361,787	20,123	94.4 %	132,733	15.2 %
January 1, 2009	318,631	346,255	27,624	92.0 %	120,383	22.9 %

Note: The entry age normal actuarial cost method is used to determine the annual required contribution ("ARC") for the Employee's Retirement Plan. Prior to 2014, the aggregate method was used.

**Combining Statements and Schedules
Governmental Fund Types**

County of Delaware, Pennsylvania

Required Supplementary Information

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

Pension Trust Fund

December 31, 2014

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 4,767,962
Interest changes of benefit terms	31,874,452
Changes of assumptions	4,147,176
Benefit payments, including refunds of member contributions	<u>(25,266,392)</u>
Net change in total pension liability	15,523,198
Total pension liability - beginning	<u>432,629,544</u>
Total pension liability - ending (a)	<u><u>\$ 448,152,742</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 4,159,063
Employee contributions	10,929,265
Net investment income	25,701,117
Benefit payments, including refunds of member contributions	(25,266,392)
Administration	(48,804)
Other	<u>-</u>
Net change in plan fiduciary net position	15,474,249
Plan Fiduciary Net Position, Beginning	<u>447,902,076</u>
Plan Fiduciary Net Position, Ending (b)	<u><u>\$ 463,376,325</u></u>
Plan net pension asset - ending (a) - (b)	<u><u>\$ (15,223,583)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	103.40%
Covered-Employee Payroll	\$ 134,056,126
County's Net Pension Asset as a Percentage of Covered-Employee Payroll	(11.36)%

Notes to Schedule:

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

County of Delaware

Required Supplementary Information
 Schedule of Employer Contributions
 Pension Trust Fund
 Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially Determined Contribution	\$ 924,026	\$ 1,798,896	\$ 1,922,699	\$ 83,054	\$ 7,487,851	\$ 6,756,099	\$ 5,944,506	\$ 7,142,276	\$ 7,146,641	\$ 4,159,063
Contributions in Relation to the Actuarially Determined Contribution	924,026	1,798,896	1,922,699	85,455	7,487,851	6,756,099	5,944,506	7,142,276	7,146,641	4,159,063
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
Contributions as a Percentage of Covered-Employee Payroll				0.07%	6.22%	5.09%	4.61%	5.64%	5.43%	3.10%

Notes to Schedule:

Covered-employee payroll information not available 2007 and prior.

Valuation date: January 1, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Fair market value
Inflation	3%
Salary increases	3.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years of service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

County of Delaware

Required Supplementary Information
Schedule of Investment Returns
Pension Trust Fund
December 31, 2014

2014

**Annual Money-Weighted Rate of Return,
Net of Investment Expense**

6.5%

Notes to Schedule:

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

County of Delaware, Pennsylvania
General Fund
Description of Fund
For the Year Ended December 31, 2014

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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances Positive (Negative)</u>
Current			
General government:			
Administrative Services	\$ 342,500	\$ 326,316	\$ 16,184
Budget Management	194,000	176,035	17,965
Bureau of Elections	774,000	650,020	123,980
Central Purchasing	231,500	234,159	(2,659)
Community Health	338,000	331,022	6,978
Constables	1,503,500	1,502,254	1,246
Consumer Affairs	281,000	270,876	10,124
Controller	815,000	725,537	89,463
County Buildings Maintenance	3,241,000	3,056,211	184,789
County Clerk	377,000	362,476	14,524
County Council	465,779	411,028	54,751
County Motor Vehicle Management	205,000	222,328	(17,328)
Court House Police	1,172,000	1,044,674	127,326
Data Processing	2,583,000	2,417,670	165,330
Executive Director	966,000	886,492	79,508
Library Services	1,072,000	1,053,807	18,193
Parks and Recreation	1,707,000	1,657,747	49,253
Personnel	584,000	353,688	230,312
Planning	875,000	692,980	182,020
Public Works	195,000	176,190	18,810
Public Relations	250,000	234,446	15,554
Recorder of Deeds	738,000	503,587	234,413
Risk Management	27,000	4,007	22,993
Self -Tax Collection	237,000	207,599	29,401
Solicitor	1,315,000	1,318,243	(3,243)
Tax Assessment	1,015,000	901,497	113,503
Tax Claim Office	1,113,000	1,111,135	1,865
Telecommunications	819,000	724,700	94,300
Treasurer	467,000	438,052	28,948
Veterans' Affairs	240,000	237,025	2,975
Voter Registration	403,000	374,150	28,850
Voting Machines	635,000	540,598	94,402
	<u>25,181,279</u>	<u>23,146,549</u>	<u>2,034,730</u>

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

Year Ended December 31, 2014

	Final Budget	Actual	Variances Positive (Negative)
Judicial:			
Adult Probation and Parole	\$ 4,458,000	\$ 4,340,892	\$ 117,108
Bail Agency	923,000	846,986	76,014
Court Administrator	2,129,000	1,780,919	348,081
Court Support and Services	6,293,000	5,599,485	693,515
Diagnostic Services	653,000	536,833	116,167
District Justice	7,634,000	6,857,091	776,909
Domestic Relations	6,463,000	5,540,071	922,929
Electronic Record System	892,000	871,273	20,727
Financial Services	263,000	221,792	41,208
Juvenile Court	10,655,000	9,498,217	1,156,783
Juvenile Detention	4,369,000	3,760,042	608,958
Juvenile Detention Kitchen	639,000	537,187	101,813
Legal Audio Visual	233,000	192,766	40,234
Maintenance of Juveniles	11,549,000	10,289,461	1,259,539
Total judicial	<u>57,153,000</u>	<u>50,873,015</u>	<u>6,279,985</u>
Corrections:			
Community Corrections	955,000	881,877	73,123
County Clerk Services	772,000	700,277	71,723
Criminal Investigations Dept.	3,193,000	3,069,307	123,693
District Attorney	5,418,000	5,255,364	162,636
Judicial Support	1,410,000	1,248,746	161,254
Medical Examiner	760,708	792,359	(31,651)
Office of Support Enforcement	493,000	455,187	37,813
Prison	43,821,786	43,821,785	1
Public Defender	3,763,000	3,651,148	111,852
Register of Wills	591,000	503,905	87,095
Sheriff	3,898,000	3,703,385	194,615
Special Court	135,000	101,595	33,405
Total corrections	<u>65,210,494</u>	<u>64,184,935</u>	<u>1,025,559</u>
Transportation:			
Southeastern Pennsylvania Transportation Authority Subsidy	<u>6,921,000</u>	<u>6,921,000</u>	<u>-</u>

(continued)

County of Delaware, Pennsylvania

Schedule of Expenditures Compared to Budget (GAAP Basis)

General Fund

For the Year Ended December 31, 2014

	Final Budget	Actual	Variances Positive (Negative)
Other:			
Agricultural Extension Service	\$ 138,000	\$ 137,455	\$ 545
Civil Defense	616,000	532,470	83,530
Employee Benefits	35,317,000	33,430,898	1,886,102
Insurance	5,755,000	4,721,790	1,033,210
Other County Expenditures	1,474,000	1,472,619	1,381
Other Programs and Grants	6,447,227	6,440,430	6,797
Soil Conservation	223,000	216,565	6,435
Training Center	226,000	198,439	27,561
Total other	<u>50,196,227</u>	<u>47,150,666</u>	<u>3,045,561</u>
Debt service:			
Principal	<u>16,865,000</u>	<u>16,861,294</u>	<u>3,706</u>
Interest	<u>7,450,000</u>	<u>7,446,237</u>	<u>3,763</u>
Total expenditures	<u><u>\$ 228,977,000</u></u>	<u><u>\$ 216,583,696</u></u>	<u><u>\$ 12,393,304</u></u>

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County of Delaware, Pennsylvania
Health and Human Service Funds
Description of Sub-Funds
For the Year Ended December 31, 2014

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 Mental Retardation Funds (“MH/MR”) and Drug Abuse Funds: To account for operations and administration of County MH/MR 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, 2014

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Mental Retardation</u>
Assets			
Cash and cash equivalents	\$ 12,762,946	\$ -	\$ -
Restricted cash	5,197,494	-	-
Grants receivable	5,863,355	453,198	-
Due from other funds	3,000,951	7,957,891	4,599,237
Other assets	1,943,166	-	-
Total assets	<u>\$ 28,767,912</u>	<u>\$ 8,411,089</u>	<u>\$ 4,599,237</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 1,896,371	\$ 8,005,273	\$ 1,948,509
Due to other funds	39,099	-	-
Unearned revenues	22,503,587	363,594	2,568,050
Other liabilities	4,328,855	42,222	82,678
Total liabilities	<u>28,767,912</u>	<u>8,411,089</u>	<u>4,599,237</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 28,767,912</u>	<u>\$ 8,411,089</u>	<u>\$ 4,599,237</u>

Drug Abuse	Child Care	Day Care	Total
\$ -	\$ -	\$ -	\$ 12,762,946
-	-	-	5,197,494
1,699,750	15,990,846	32,214	24,039,363
-	-	2,934,688	18,492,767
-	1,500	-	1,944,666
<u>\$ 1,699,750</u>	<u>\$ 15,992,346</u>	<u>\$ 2,966,902</u>	<u>\$ 62,437,236</u>
\$ 851,649	\$ 3,131,209	\$ 6,991	\$ 15,840,002
828,864	10,858,254	-	11,726,217
-	670,365	-	26,105,596
19,237	1,332,518	2,959,911	8,765,421
<u>1,699,750</u>	<u>15,992,346</u>	<u>2,966,902</u>	<u>62,437,236</u>
-	-	-	-
<u>\$ 1,699,750</u>	<u>\$ 15,992,346</u>	<u>\$ 2,966,902</u>	<u>\$ 62,437,236</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, 2014

	<u>Special Grants</u>	<u>Mental Health</u>	<u>Mental Retardation</u>
Revenues			
Health and human service grants	\$ 113,447,656	\$ 36,207,482	\$ 12,678,269
Expenditures			
Current, Health and human services	<u>113,718,459</u>	<u>36,971,803</u>	<u>12,678,269</u>
Deficiency of Revenues Over Expenditures	<u>(270,803)</u>	<u>(764,321)</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers in	6,859,288	764,321	-
Transfers out	<u>(6,588,485)</u>	<u>-</u>	<u>-</u>
Total other financing sources, net	<u>270,803</u>	<u>764,321</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
\$ 6,530,130	\$ 34,709,442	\$ 41,340,302	\$ 244,913,281
<u>6,635,090</u>	<u>39,992,357</u>	<u>41,340,302</u>	<u>251,336,280</u>
<u>(104,960)</u>	<u>(5,282,915)</u>	<u>-</u>	<u>(6,422,999)</u>
104,960	5,282,915	-	13,011,484
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,588,485)</u>
<u>104,960</u>	<u>5,282,915</u>	<u>-</u>	<u>6,422,999</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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County of Delaware, Pennsylvania

Nonmajor Governmental Funds Special Revenue Funds Description of Funds Year Ended December 31, 2014

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:

OET 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, 2014

	<u>OET/Other</u>	<u>911</u>	<u>Library</u>
Assets			
Cash and cash equivalents	\$ 816,394	\$ 221,587	\$ 2,644,587
Grants receivable	1,023,798	486,955	-
Due from other funds	3,019,982	-	-
Notes receivable	-	-	-
Restricted assets	-	-	-
Other assets	53,728	-	13,918
	<u>4,913,902</u>	<u>708,542</u>	<u>2,658,505</u>
Total	<u>\$ 4,913,902</u>	<u>\$ 708,542</u>	<u>\$ 2,658,505</u>
Liabilities and Fund Balance			
Liabilities			
Vouchers and accounts payable	\$ 1,040,194	\$ -	\$ 113,796
Due to other funds	12,280	378,357	1,935,037
Unearned revenues	3,693,165	-	-
Other liabilities	168,263	330,185	-
	<u>4,913,902</u>	<u>708,542</u>	<u>2,048,833</u>
Total liabilities	<u>4,913,902</u>	<u>708,542</u>	<u>2,048,833</u>
Fund Balances			
Restricted for:			
Highways and streets	-	-	-
Infrastructure	-	-	-
Library	-	-	609,672
Community development	-	-	-
	<u>-</u>	<u>-</u>	<u>609,672</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>609,672</u>
	<u>\$ 4,913,902</u>	<u>\$ 708,542</u>	<u>\$ 2,658,505</u>
Total	<u>\$ 4,913,902</u>	<u>\$ 708,542</u>	<u>\$ 2,658,505</u>

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
\$ 1,825,944	\$ 250	\$ 116,258	\$ -	\$ 5,625,020
-	1,798,692	-	-	3,309,445
497,305	4,786,813	137,063	-	8,441,163
-	-	5,639,008	-	5,639,008
-	-	-	3,794,867	3,794,867
-	-	-	-	67,646
\$ 2,323,249	\$ 6,585,755	\$ 5,892,329	\$ 3,794,867	\$ 26,877,149

\$ 892,793	\$ 1,444,112	\$ 1,880,378	\$ 11,261	\$ 5,382,534
-	530,789	27,226	302,094	3,185,783
-	4,229,641	-	3,443,154	11,365,960
-	381,213	23,086	-	902,747
892,793	6,585,755	1,930,690	3,756,509	20,837,024

1,430,456	-	-	-	1,430,456
-	-	-	38,358	38,358
-	-	-	-	609,672
-	-	3,961,639	-	3,961,639
1,430,456	-	3,961,639	38,358	6,040,125
\$ 2,323,249	\$ 6,585,755	\$ 5,892,329	\$ 3,794,867	\$ 26,877,149

County of Delaware, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds - Special Revenue Funds
Year Ended December 31, 2014

	<u>OET/Other</u>	<u>911</u>	<u>Library</u>
Revenues			
General grants	<u>\$ 10,846,014</u>	<u>\$ 8,598,346</u>	<u>\$ 2,299,709</u>
Expenditures			
Current:			
Highways, streets and bridges	-	-	-
Other	<u>10,086,014</u>	<u>15,572,202</u>	<u>2,372,635</u>
Total expenditures	<u>10,086,014</u>	<u>15,572,202</u>	<u>2,372,635</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>760,000</u>	<u>(6,973,856)</u>	<u>(72,926)</u>
Other Financing Sources			
Transfers in	-	6,973,856	-
Transfers out	<u>(760,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(72,926)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>682,598</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,672</u>

Liquid Fuels	COSA	CDBG/ Rehab	Marcellus Shale	Total
<u>\$ 1,209,264</u>	<u>\$ 16,311,978</u>	<u>\$ 5,522,744</u>	<u>\$ 423,134</u>	<u>\$ 45,211,189</u>
1,555,907	-	-	-	1,555,907
<u>-</u>	<u>16,432,978</u>	<u>5,358,762</u>	<u>93,416</u>	<u>49,916,007</u>
<u>1,555,907</u>	<u>16,432,978</u>	<u>5,358,762</u>	<u>93,416</u>	<u>51,471,914</u>
<u>(346,643)</u>	<u>(121,000)</u>	<u>163,982</u>	<u>329,718</u>	<u>(6,260,725)</u>
-	121,000	-	8,640	7,103,496
<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(1,060,000)</u>
<u>(346,643)</u>	<u>-</u>	<u>163,982</u>	<u>38,358</u>	<u>(217,229)</u>
<u>1,777,099</u>	<u>-</u>	<u>3,797,657</u>	<u>-</u>	<u>6,257,354</u>
<u>\$ 1,430,456</u>	<u>\$ -</u>	<u>\$ 3,961,639</u>	<u>\$ 38,358</u>	<u>\$ 6,040,125</u>

County of Delaware, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Liquid Fuels Fund
Year Ended December 31, 2014

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues,				
General grants	\$ 1,295,000	\$ 1,604,000	\$ 1,209,264	\$ (394,736)
Expenditures,				
Current,				
Liquid Fuels	<u>2,013,000</u>	<u>2,586,000</u>	<u>1,555,907</u>	<u>1,030,093</u>
(Deficiency) Excess of Revenues Over Expenditures	(718,000)	(982,000)	(346,643)	635,357
Fund Balance, Beginning	<u>1,777,099</u>	<u>1,777,099</u>	<u>1,777,099</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,059,099</u>	<u>\$ 795,099</u>	<u>\$ 1,430,456</u>	<u>\$ 635,357</u>

County of Delaware, Pennsylvania

Capital Projects Funds Description of Sub-Funds Year Ended December 31, 2014

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, PennsylvaniaCombining Balance Sheet Schedule
Capital Projects Sub-funds
December 31, 2014

	Food Services Facility Fund	General Capital Projects Fund	Total
Assets			
Assets			
Cash and cash equivalents	\$ 430,785	\$ 940,919	\$ 1,371,704
Restricted cash and cash equivalents	-	21,974,725	21,974,725
Due from PennDOT	-	-	-
Due from other funds	-	-	-
Due from Solid Waste Authority	-	5,475,000	5,475,000
	<u>430,785</u>	<u>5,475,000</u>	<u>5,475,000</u>
Total assets	<u>\$ 430,785</u>	<u>\$ 28,390,644</u>	<u>\$ 28,821,429</u>
Liabilities and Fund Balances			
Liabilities			
Vouchers and accounts payable	\$ 6,761	\$ 683,877	\$ 690,638
Due to other funds	-	13,957,325	13,957,325
	<u>6,761</u>	<u>13,957,325</u>	<u>13,957,325</u>
Total liabilities	<u>6,761</u>	<u>14,641,202</u>	<u>14,647,963</u>
Fund Balances			
Nonspendable,			
Long term receivable	-	5,475,000	5,475,000
Restricted for,			
Capital projects	-	8,274,442	8,274,442
Assigned to,			
Capital projects	424,024	-	424,024
	<u>424,024</u>	<u>-</u>	<u>424,024</u>
Total fund balances	<u>424,024</u>	<u>13,749,442</u>	<u>14,173,466</u>
Total liabilities and fund balance	<u>\$ 430,785</u>	<u>\$ 28,390,644</u>	<u>\$ 28,821,429</u>

County of Delaware, Pennsylvania

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

Capital Projects Sub-funds

Year Ended December 31, 2014

	Food Services Facility Fund	General Capital Projects Fund	Total
Revenues			
Investment earnings	\$ 1,797	\$ 271,024	\$ 272,821
General grants	-	81,308	81,308
Total revenues	<u>1,797</u>	<u>352,332</u>	<u>354,129</u>
Expenditures			
Capital outlay	86,989	10,714,521	10,801,510
Debt service, principal	-	38,515,528	38,515,528
Debt service, interest	-	798,961	798,961
Debt issuance costs	-	210,529	210,529
Total expenditures	<u>86,989</u>	<u>50,239,539</u>	<u>50,326,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(85,192)</u>	<u>(49,887,207)</u>	<u>(49,972,399)</u>
Other Financing Sources (Uses)			
Issuance of refunding note	-	38,726,057	38,726,057
Transfers out	-	-	-
Total other financing sources	<u>-</u>	<u>38,726,057</u>	<u>38,726,057</u>
Net Change in Fund Balance	<u>(85,192)</u>	<u>(11,161,150)</u>	<u>(11,246,342)</u>
Fund Balance, Beginning	<u>509,216</u>	<u>24,910,592</u>	<u>25,419,808</u>
Fund Balance, Ending	<u>\$ 424,024</u>	<u>\$ 13,749,442</u>	<u>\$ 14,173,466</u>

Combining Statements and Schedules
Internal Service Funds

County of Delaware, Pennsylvania

Internal Service Funds Description of Funds Year Ended December 31, 2014

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, 2014

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Current Assets				
Cash and cash equivalents	\$ 471,214	\$ 995,632	\$ 2,508,351	\$ 3,975,197
Prepaid expenses	-	-	1,913,434	1,913,434
Due from other funds	4,145,933	-	-	4,145,933
	<u>4,617,147</u>	<u>995,632</u>	<u>4,421,785</u>	<u>10,034,564</u>
Total current assets	<u>\$ 4,617,147</u>	<u>\$ 995,632</u>	<u>\$ 4,421,785</u>	<u>\$ 10,034,564</u>
Current Liabilities and Net Position				
Current Liabilities				
Claims payable	\$ 4,617,147	\$ 291,122	\$ 465,063	\$ 5,373,332
Due to governmental funds	-	704,510	3,956,722	4,661,232
	<u>4,617,147</u>	<u>995,632</u>	<u>4,421,785</u>	<u>10,034,564</u>
Total current liabilities	4,617,147	995,632	4,421,785	10,034,564
Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 4,617,147</u>	<u>\$ 995,632</u>	<u>\$ 4,421,785</u>	<u>\$ 10,034,564</u>

County of Delaware, Pennsylvania

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

Internal Service Funds

Year Ended December 31, 2014

	Self-funded Health Insurance Fund	Self-funded Workers' Compensation Fund	Self-funded Casualty/ Liability Fund	Total
Operating Revenues				
Charges for services	\$ 39,643,038	\$ 1,779,506	\$ 5,020,838	\$ 46,443,382
Operating Expenses				
Insurance claims	39,643,038	1,629,396	5,021,116	46,293,550
Administration	-	150,219	-	150,219
Total operating expenses	39,643,038	1,779,615	5,021,116	46,443,769
Operating Loss	-	(109)	(278)	(387)
Nonoperating Revenue				
Investment earnings	-	109	278	387
Change in Net Position	-	-	-	-
Net Position, Beginning	-	-	-	-
Net Position, Ending	\$ -	\$ -	\$ -	\$ -

County of Delaware, PennsylvaniaCombining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2014

	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	\$ 41,364,363	\$ 2,889,524	\$ 5,665,724	\$ 49,919,611
Payments to suppliers	(40,919,450)	(2,889,524)	(5,665,724)	(49,474,698)
Net cash provided by operating activities	<u>444,913</u>	<u>-</u>	<u>-</u>	<u>444,913</u>
Cash Flows Provided by Investing Activities				
Interest received	<u>-</u>	<u>109</u>	<u>278</u>	<u>387</u>
Net increase in cash and cash equivalents	<u>444,913</u>	<u>109</u>	<u>278</u>	<u>445,300</u>
Cash and Cash Equivalents, Beginning	<u>26,301</u>	<u>995,523</u>	<u>2,508,073</u>	<u>3,529,897</u>
Cash and Cash Equivalents, Ending	<u>\$ 471,214</u>	<u>\$ 995,632</u>	<u>\$ 2,508,351</u>	<u>\$ 3,975,197</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities				
Operating loss	<u>\$ -</u>	<u>\$ (109)</u>	<u>\$ (278)</u>	<u>\$ (387)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Increase in due to other funds	1,721,325	1,110,018	644,886	3,476,229
Decrease in prepaid expenses			(190,110)	(190,110)
Decrease in claims payable	<u>(1,276,412)</u>	<u>(1,109,909)</u>	<u>(454,498)</u>	<u>(2,840,819)</u>
Total adjustments	<u>444,913</u>	<u>109</u>	<u>278</u>	<u>445,300</u>
Net Cash Provided by Operating Activities	<u>\$ 444,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,913</u>

Combining Statements and Schedules

Component Units

County of Delaware, Pennsylvania

Component Units Description of Component Units Year Ended December 31, 2014

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

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

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.

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.

County of Delaware, Pennsylvania

Combining Statement of Net Position

Component Units

December 31, 2014

	Economic Development Oversight Board	Solid Waste Authority	Redevelopment Authority	Waterfront Industrial Development Authority	Total
Assets					
Cash and cash equivalents	\$ 240,941	\$ 10,307,915	\$ 4,059,995	\$ 61,480	\$ 14,670,331
Receivables (net of allowance for uncollectibles):					
Accounts	-	4,501,613	338,538	-	4,840,151
Notes	184,062	-	-	-	184,062
Other	454,677	44,525	2,000	-	501,202
Inventories	-	128,178	-	-	128,178
Other assets	43,506	1,436,833	26,313	-	1,506,652
Investments	-	8,028,805	-	-	8,028,805
Restricted cash and cash equivalents	299,931	5,000,000	-	-	5,299,931
Capital assets (net of accumulated depreciation):					
Land	-	7,000,000	1,024,199	849,286	8,873,485
Land improvements	-	3,549,330	-	-	3,549,330
Construction in progress	-	1,639,255	-	-	1,639,255
Buildings and improvements	-	28,241,059	-	24,470,832	52,711,891
Equipment	-	759,250	-	-	759,250
Total assets	\$ 1,223,117	\$ 70,636,763	\$ 5,451,045	\$ 25,381,598	\$ 102,692,523
Liabilities					
Accounts payable and other current liabilities	\$ 12,422	\$ 5,393,299	\$ 165,460	\$ -	\$ 5,571,181
Due to primary government	-	7,475,000	-	-	7,475,000
Unearned revenue	75,000	-	43,923	-	118,923
Long-term liabilities:					
Due within one year,					
Bonds and notes payable	-	957,000	-	-	957,000
Due in more than one year:					
Bonds and notes payable	-	10,448,000	-	-	10,448,000
Accrued closure costs	-	14,270,911	-	-	14,270,911
Total liabilities	87,422	38,544,210	209,383	-	38,841,015
Net Position					
Net investment in capital assets	-	29,783,894	1,024,199	25,320,118	56,128,211
Restricted for:					
Economic development	426,638	-	-	-	426,638
Solid waste	-	5,000,000	-	-	5,000,000
Unrestricted	709,057	(2,691,341)	4,217,463	61,480	2,296,659
Total net position	1,135,695	32,092,553	5,241,662	25,381,598	63,851,508
Total liabilities and net position	\$ 1,223,117	\$ 70,636,763	\$ 5,451,045	\$ 25,381,598	\$ 102,692,523

County of Delaware, Pennsylvania

Combining Statement of Activities

Component Units

Year Ended December 31, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Economic Development Oversight Board	Solid Waste Authority	Redevelopment Authority	Waterfront Industrial Development Authority	
Functions/Programs								
Economic Development Oversight Board, Public works	\$ 697,539	\$ 97,813	\$ 547,838	\$ (51,888)	\$ -	\$ -	\$ -	\$ (51,888)
Solid Waste Authority, Public works	38,550,456	34,822,563	171,038	-	(3,556,855)	-	-	(3,556,855)
Redevelopment Authority, Public works	11,657,654	2,000	11,370,185	-	-	(285,469)	-	(285,469)
Waterfront Industrial Authority, Public works	978,834	-	-	-	-	-	(978,834)	(978,834)
Total component units	<u>\$ 51,884,483</u>	<u>\$ 34,922,376</u>	<u>\$ 12,089,061</u>	<u>(51,888)</u>	<u>(3,556,855)</u>	<u>(285,469)</u>	<u>(978,834)</u>	<u>(4,873,046)</u>
General Revenues								
Unrestricted investment earnings				5,825	22,999	265	7	29,096
Change in net position				(46,063)	(3,533,856)	(285,204)	(978,827)	(4,843,950)
Net Position, Beginning				<u>1,181,758</u>	<u>35,626,409</u>	<u>5,526,866</u>	<u>26,360,425</u>	<u>68,695,458</u>
Net Position, Ending				<u>\$ 1,135,695</u>	<u>\$ 32,092,553</u>	<u>\$ 5,241,662</u>	<u>\$ 25,381,598</u>	<u>\$ 63,851,508</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, 2014

	Changes in Capital Assets			December 31, 2014
	January 1, 2014	Additions	Disposals	
General government and judicial	\$ 211,287,523	\$ 8,416,444	\$ 482,355	\$ 219,221,612
Recreation	12,332,743	72,932	-	12,405,675
Corrections	109,409,447	9,607	51,658	109,367,396
Health and human services	11,397,726	399,364	61,805	11,735,285
Infrastructure	7,953,779	843,084	-	8,796,863
Other	1,622,800	12,216	23,151	1,611,865
Total	<u>\$ 354,004,018</u>	<u>\$ 9,753,647</u>	<u>\$ 618,969</u>	<u>\$ 363,138,696</u>

	Ending Balance is Composed of			
	Land and Improvements	Buildings and Improvements	Equipment	Total
General government and judicial	\$ 8,960,839	\$ 126,265,034	\$ 83,995,739	\$ 219,221,612
Recreation	6,126,803	4,769,661	1,509,211	12,405,675
Corrections	5,425,643	96,818,312	7,123,441	109,367,396
Health and human services	216,698	904,332	10,614,255	11,735,285
Infrastructure	8,796,863	-	-	8,796,863
Other	-	-	1,611,865	1,611,865
Total	<u>\$ 29,526,846</u>	<u>\$ 228,757,339</u>	<u>\$ 104,854,511</u>	<u>\$ 363,138,696</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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ (95,191,508)	\$ (101,388,207)	\$ (102,249,460)	\$ (100,753,289)	\$ (96,331,704)	\$ (97,119,597)	\$ (86,608,478)	\$ (73,172,651)	\$ (67,891,655)	\$ (60,035,609)
Restricted:										
Highways and streets	2,394,759	1,878,478	2,123,560	2,077,672	1,873,935	2,117,979	2,045,289	1,856,882	1,777,099	1,430,456
Infrastructure										38,358
Library	1,183,200	1,920,913	2,311,124	2,551,221	2,269,284	3,002,528	2,181,260	1,859,136	682,598	609,672
Community development	4,305,353	3,314,414	3,800,278	3,909,636	3,665,564	3,406,100	3,587,712	2,847,493	3,797,657	3,961,639
Title IV D program	4,640,403	2,057,055	1,575,771	1,377,273	1,595,222	724,447	823,268	1,232,444	1,870,555	426,047
Capital projects	-	-	-	-	-	-	-	2,293,963	2,346,683	-
Unrestricted	120,284,939	133,308,339	127,552,069	126,877,989	87,488,307	73,417,283	65,787,670	59,685,325	48,510,910	47,272,306
Total governmental activities net position	<u>\$ 37,617,146</u>	<u>\$ 41,090,992</u>	<u>\$ 35,113,342</u>	<u>\$ 36,040,502</u>	<u>\$ 560,608</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>
Business-Type Activity										
Net investment in capital assets	\$ (6,323,193)	\$ (9,350,955)	\$ (12,212,924)	\$ (14,674,792)	\$ (16,954,126)	\$ (19,420,689)	\$ (20,980,693)	\$ (21,708,469)	\$ (21,213,250)	\$ (20,594,380)
Unrestricted	18,796,716	20,140,927	19,369,675	20,325,287	17,807,213	19,420,689	20,980,693	21,708,469	21,213,250	20,594,380
Total business-type activity net position	<u>\$ 12,473,523</u>	<u>\$ 10,789,972</u>	<u>\$ 7,156,751</u>	<u>\$ 5,650,495</u>	<u>\$ 853,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Net investment in capital assets	\$ (101,514,701)	\$ (110,739,162)	\$ (114,462,384)	\$ (115,428,081)	\$ (113,285,830)	\$ (116,540,286)	\$ (107,589,171)	\$ (94,881,120)	\$ (89,104,905)	\$ (80,629,989)
Restricted	12,523,715	9,170,860	9,810,733	9,915,802	9,404,005	9,251,054	8,637,529	10,089,918	10,474,592	6,466,172
Unrestricted	139,081,655	153,449,266	146,921,744	147,203,276	105,295,520	92,837,972	86,768,363	81,393,794	69,724,160	67,866,686
Total primary government net position	<u>\$ 50,090,669</u>	<u>\$ 51,880,964</u>	<u>\$ 42,270,093</u>	<u>\$ 41,690,997</u>	<u>\$ 1,413,695</u>	<u>\$ (14,451,260)</u>	<u>\$ (12,183,279)</u>	<u>\$ (3,397,408)</u>	<u>\$ (8,906,153)</u>	<u>\$ (6,297,131)</u>

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 99,334,379	\$ 101,251,251	\$ 117,149,254	\$ 105,578,345	\$ 124,365,790	\$ 143,983,937	\$ 130,302,387	\$ 124,851,749	\$ 130,258,805	\$ 141,161,340
Judicial	43,789,710	47,812,915	50,453,563	50,988,095	52,473,162	52,360,413	45,844,482	48,381,276	48,371,935	47,072,546
Corrections	47,187,711	59,281,918	63,074,977	65,463,589	67,071,482	67,891,398	68,876,004	69,457,964	70,790,012	71,432,033
Health and human services	249,305,686	277,962,381	289,027,665	306,991,797	282,321,631	248,889,415	245,274,186	245,077,186	248,301,666	251,336,280
Highways, streets and bridges	1,597,576	3,716,405	5,721,522	5,904,881	7,968,517	1,924,872	2,333,302	13,130,022	2,807,351	2,187,625
Interest on long-term debt	12,086,302	13,448,024	13,914,920	10,449,791	9,638,681	9,198,303	8,637,786	8,794,312	8,457,413	8,123,155
Total governmental activities expenses	453,301,364	503,472,894	539,341,901	545,376,498	543,839,263	524,248,338	501,268,147	509,692,509	508,987,182	521,312,979
Business-type activities,										
Geriatric Center	70,727,632	70,727,632	71,623,512	73,142,781	75,824,685	78,716,756	81,376,108	81,863,752	80,763,126	77,855,996
Total primary government expenses	524,028,996	574,200,526	610,965,413	618,519,279	619,663,948	602,965,094	582,644,255	591,556,261	589,750,308	599,168,975
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,405,736	10,144,210	10,343,702	9,097,908	9,446,492	9,004,999	10,273,501	11,581,252	10,410,962	8,916,675
Judicial	6,010,039	5,807,969	5,941,578	6,430,569	6,062,227	5,708,978	5,006,264	5,280,673	5,206,386	5,137,583
Corrections	5,138,292	7,503,489	6,454,886	7,885,594	7,978,858	8,870,808	8,501,485	8,878,377	12,500,228	11,696,677
Capital grants and contributions	-	-	-	-	-	-	2,514,224	9,863,638	1,462,919	81,308
Operating grants and contributions	305,342,928	332,347,761	353,621,998	356,488,933	356,221,618	324,337,383	315,358,881	315,233,611	302,984,285	315,864,486
Total governmental activities program revenues	325,896,995	355,803,429	376,362,164	379,903,004	379,709,195	347,922,168	341,654,355	350,837,551	332,564,780	341,696,729
Business-type activity,										
Capital grants and contributions	-	-	-	-	-	-	91,281	379,719	-	-
Geriatric Center - charges for services	71,128,756	73,586,518	69,659,057	73,391,222	72,611,507	72,111,626	73,517,671	74,681,667	75,172,541	75,783,231
Total primary government program revenues	397,025,751	429,389,947	446,021,221	453,294,226	452,320,702	420,033,794	415,263,307	425,898,937	407,737,321	417,479,960

County of Delaware, Pennsylvania

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense) Revenue										
Governmental activities	\$ (127,404,369)	\$ (147,669,465)	\$ (162,979,737)	\$ (164,130,068)	\$ (164,130,068)	\$ (176,326,170)	\$ (159,613,792)	\$ (158,854,958)	\$ (176,422,402)	\$ (179,616,250)
Business-type activity	401,124	(870,283)	(1,964,455)	248,441	(3,213,178)	(6,605,130)	(7,767,156)	(6,802,366)	(5,590,585)	(2,072,765)
Total primary government net expense	(127,003,245)	(148,539,748)	(164,944,192)	(163,881,627)	(167,343,246)	(182,931,300)	(167,380,948)	(165,657,324)	(182,012,987)	(181,689,015)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	129,951,036	134,185,884	132,282,144	144,579,397	143,583,153	154,340,906	155,615,119	160,312,545	164,661,208	172,842,088
Unrestricted investment earnings	4,921,683	9,005,095	8,174,110	4,093,624	3,271,147	2,348,032	2,924,184	2,615,151	2,830,737	2,356,693
Grants and charges not restricted to specific programs	8,888,405	7,952,332	7,966,473	7,874,320	317,723	334,292	359,641	407,693	352,508	494,046
Gaming revenue	-	-	8,579,360	9,853,313	9,478,151	9,795,345	10,472,563	10,224,170	9,334,840	8,604,779
Transfers	-	-	-	-	-	(5,504,273)	(7,489,734)	(5,918,730)	(4,482,703)	(2,072,334)
Total government activities	143,761,124	151,143,311	157,002,087	166,400,654	156,650,174	161,314,302	161,881,773	167,640,829	172,696,590	182,225,272
Business-type activity:										
Investment earnings	310,143	330,977	376,025	260,548	167,021	247,770	277,422	883,636	1,107,882	431
Interest on long-term debt	(926,844)	(1,144,245)	(2,044,791)	(2,015,245)	(1,751,251)	-	-	(8,123,155)	-	-
Transfers	-	-	-	-	-	5,504,273	7,489,734	5,918,730	4,482,703	2,072,334
Total business-type activity	(616,701)	(813,268)	(1,668,766)	(1,754,697)	(1,584,230)	5,752,043	7,767,156	(1,320,789)	5,590,585	2,072,765
Total primary government	143,144,423	150,330,043	155,333,321	164,645,957	155,065,944	167,066,345	169,648,929	166,320,040	178,287,175	184,298,037
Special Item										
Capital grant to component unit	-	-	-	-	(28,000,000)	-	-	-	-	-
Change in Net Position										
Governmental activities	16,356,755	3,473,846	(5,977,650)	927,160	(35,479,894)	(15,011,868)	2,267,981	8,785,871	(3,725,812)	2,609,022
Business-type activity	(215,577)	(1,683,551)	(3,633,221)	(1,506,256)	(1,584,230)	(853,087)	-	-	-	-
Total primary government	\$ 16,141,178	\$ 1,790,295	\$ (9,610,871)	\$ (579,096)	\$ (37,064,124)	\$ (15,864,955)	\$ 2,267,981	\$ 8,785,871	\$ (3,725,812)	\$ 2,609,022

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 963,322	\$ 562,376	\$ 1,381,507	\$ 1,144,114
Restricted	-	-	-	-	-	-	823,268	1,232,444	1,870,555	426,047
Assigned										
County geriatric center	-	-	-	-	-	-	11,400,000	11,400,000	11,400,000	12,000,000
Employee healthcare costs	-	-	-	-	-	-	11,400,000	11,400,000	11,400,000	12,000,000
Unassigned	-	-	-	-	-	-	9,720,416	10,572,860	9,532,158	16,236,691
Reserved	4,640,403	2,057,055	1,575,771	1,377,273	1,595,222	724,447	-	-	-	-
Unreserved	13,601,051	7,338,676	1,576,014	5,136,773	6,296,597	7,433,686	-	-	-	-
Total general fund	18,241,454	9,395,731	3,151,785	6,514,046	7,891,819	8,158,133	34,307,006	35,167,680	35,584,220	41,806,852
All Other Governmental Funds										
Reserved	13,358,312	12,588,805	13,709,962	14,013,529	13,283,783	14,001,607	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	44,217,271	32,760,700	17,696,763	42,045,936	32,652,762	28,964,903	-	-	-	-
Nonspendable	-	-	-	-	-	-	5,475,000	5,475,000	5,475,000	5,475,000
Restricted	-	-	-	-	-	-	7,814,261	8,857,474	25,692,946	14,314,567
Assigned	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	1,576,451	1,215,875	509,216	424,024
Unassigned										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	(7,935,282)	-	-	-
Total all other governmental funds	57,575,583	45,349,505	31,406,725	56,059,465	45,936,545	42,966,510	6,930,430	15,548,349	31,677,162	20,213,591
Total all funds	\$ 75,817,037	\$ 54,745,236	\$ 34,558,510	\$ 62,573,511	\$ 53,828,364	\$ 51,124,643	\$ 41,237,436	\$ 50,716,029	\$ 67,261,382	\$ 62,020,443

Source: Comprehensive Annual Financial Reports

Note: Fiscal years 2005 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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Real estate taxes	\$ 171,551,067	\$ 164,860,852	\$ 159,605,920	\$ 155,756,779	\$ 156,371,430	\$ 144,793,655	\$ 143,787,354	\$ 132,541,187	\$ 133,978,658	\$ 131,461,759
Licenses and inspections	17,415	62,948	10,125	36,960	23,828	18,423	27,196	43,256	4,076,013	3,913,832
General grants	69,626,188	69,446,178	81,030,796	79,758,176	81,046,110	76,987,688	73,719,633	78,797,375	81,856,865	82,128,102
Charges for services, fines, and forfeitures	21,915,998	22,860,520	23,371,602	22,000,400	24,016,541	24,809,672	24,635,138	24,079,183	16,698,254	16,015,355
Investment earnings	1,262,735	1,088,573	1,335,689	1,551,162	1,274,357	2,305,591	3,663,365	6,996,936	8,744,726	5,375,479
Gaming revenue	8,604,779	9,334,840	10,224,170	10,472,563	9,795,345	9,478,151	9,853,313	8,579,360		
Health & human service grants	244,913,281	234,003,423	238,445,980	239,323,976	235,212,559	262,517,380	285,002,174	269,698,074	256,268,083	227,365,221
Other	9,932,293	8,435,747	11,909,751	8,167,796	9,769,447	8,616,768	15,694,585	14,705,388	11,374,175	11,656,002
Total revenues	527,823,756	510,093,081	525,934,033	517,067,812	517,509,617	529,527,328	556,382,758	535,440,759	512,996,774	477,915,750
Expenditures										
Current:										
General government	23,146,549	22,575,866	22,144,960	20,655,471	22,571,879	22,317,237	34,021,728	33,928,746	32,789,094	32,145,731
Judicial	50,873,015	50,000,068	49,969,242	47,472,352	52,241,301	52,370,643	50,903,956	50,378,744	47,738,011	43,801,688
Corrections	64,184,935	63,059,037	63,706,711	64,933,176	63,874,323	63,984,713	62,387,050	60,066,905	54,769,628	44,534,968
Transportation	6,921,000	6,921,000	6,799,396	7,024,827	7,245,074	7,315,678	7,457,681	7,449,793	7,641,654	7,598,392
Health & Human Services	251,336,280	240,428,656	244,872,046	245,787,429	242,129,230	268,947,966	291,472,407	276,135,072	263,068,761	234,616,176
Highways, streets, and bridges	1,555,907	1,187,336	1,385,854	1,248,678	986,357	1,277,450	1,192,055	946,902	1,552,562	982,802
Other	97,066,673	94,686,905	101,708,121	96,179,650	101,227,482	93,685,918	84,604,164	85,438,329	85,709,155	80,444,263
Debt Service:										
Principal	55,376,822	16,179,257	16,023,160	12,384,941	11,141,297	9,736,996	10,332,490	17,877,853	13,479,490	13,159,469
Interest	8,245,198	8,566,563	8,900,486	8,651,294	9,156,658	10,218,403	10,865,222	13,986,601	13,507,598	11,662,853
Debt issuance costs	210,529	-	-	-	-	-	-	-	-	-
Capital outlay	10,801,510	10,460,337	15,026,734	15,302,712	19,320,464	9,858,830	5,171,004	9,592,540	13,812,622	4,522,794
Total expenditures	569,718,418	514,065,025	530,536,710	519,640,530	529,894,065	539,713,834	558,407,757	555,801,485	534,068,575	473,469,136
Excess of Revenues Over (Under) Expenditures	(41,894,662)	(3,971,944)	(4,602,677)	(2,572,718)	(12,384,448)	(10,186,506)	(2,024,999)	(20,360,726)	(21,071,801)	4,446,614
Other Financing Sources (Uses)										
Transfers in	21,174,980	16,143,991	13,538,768	15,327,150	11,751,849	10,523,980	10,666,376	9,361,932	8,843,531	10,000,000
Transfers out	(23,247,314)	(20,626,694)	(19,457,498)	(22,641,639)	(17,256,122)	(10,523,980)	(10,666,376)	(9,361,932)	(8,843,531)	6,649,718
Redemption of refunded bond	-	-	-	-	(29,995,000)	(61,225,000)	(9,497,000)	(42,130,000)	-	(8,051,808)
Issuance of bonds and notes	38,726,057	25,000,000	20,000,000	-	15,185,000	28,595,000	30,000,000	-	-	-
Issuance of bond premium	-	-	-	-	-	104,420	-	-	-	-
Issuance of refunding bond	-	-	-	-	29,995,000	54,750,000	9,537,000	42,304,000	-	-
Issuance of refunding bond premium	-	-	-	-	-	7,216,939	-	-	-	-
Total other financing sources (uses)	36,653,723	20,517,297	14,081,270	(7,314,489)	9,680,727	29,441,359	30,040,000	174,000	-	8,597,910
Special Item										
Capital grant to component unit	-	-	-	-	-	(28,000,000)	-	-	-	-
Net Change in Fund Balances	(5,240,939)	16,545,353	9,478,593	(9,887,207)	(2,703,721)	(8,745,147)	28,015,001	(20,186,726)	(21,071,801)	13,044,524
Fund Balance, Beginning	67,261,382	50,716,029	41,237,436	51,124,643	53,828,364	62,573,511	34,558,510	54,745,236	75,817,037	62,772,513
Fund Balance, Ending	\$ 62,020,443	\$ 67,261,382	\$ 50,716,029	\$ 41,237,436	\$ 51,124,643	\$ 53,828,364	\$ 62,573,511	\$ 34,558,510	\$ 54,745,236	\$ 75,817,037
Debt Service as a percentage of non-capital expenditure	11.36%	4.90%	4.87%	4.16%	3.90%	3.71%	3.93%	6.03%	5.46%	5.54%

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

Assessed Value and Estimated Actual Value of Taxable Property

Table 5

Last Ten Years

(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				
2005	Not available	Not available	Not available	\$ 29,382,816	\$ 3,232,110	\$ 26,150,706	4.450
2006	Not available	Not available	Not available	32,975,131	3,592,315	29,382,816	4.450
2007	Not available	Not available	Not available	33,232,773	3,605,832	29,626,947	4.450
2008	Not available	Not available	Not available	33,796,102	3,600,063	30,196,039	4.825
2009	\$ 23,824,736	\$ 5,472,872	\$ 4,600,102	33,897,710	3,604,093	30,273,619	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	30,387,170	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

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, 2014

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rate:										
General	3.4920	3.4801	3.4801	3.8880	3.8880	4.4020	4.3180	4.3930	4.5100	4.6630
Debt	0.9580	0.9699	0.9699	0.9370	0.9370	0.7820	0.8660	0.9110	0.9420	0.9410
Total direct rate	4.4500	4.4500	4.4500	4.8250	4.8250	5.1840	5.1840	5.3040	5.4520	5.6040
Borough and Township Rates:										
Aldan Borough	4.6100	5.0470	5.0470	5.2620	5.4199	5.6600	6.1110	6.4104	7.4985	7.4985
Aston Township	2.4800	3.1100	3.1100	3.6500	3.6500	4.0000	4.0000	4.0000	4.0000	4.0000
Bethel Township	0.6000	0.6500	0.6500	0.8500	0.0850	1.8700	1.8650	1.8650	1.8650	1.8650
Brookhaven Township	3.0000	3.5000	3.5000	3.9900	4.3500	4.3500	4.3500	0.8820	4.3500	4.3500
Chadds Ford Township	3.5700	0.7820	0.7820	0.0867	0.7720	0.0900	0.8820	4.3500	0.8820	0.8820
Chester City	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200	297.9200
Chester Heights	0.2200	0.2200	0.2200	0.2200	0.2200	8.8000	0.0580	0.0580	0.0580	0.0580
Chester Township	5.3000	6.3000	6.3000	7.5000	7.5000	7.2000	8.8000	8.0000	9.0000	9.0000
Clifton Heights Borough	9.3990	10.0010	10.0010	11.0010	11.5010	12.0100	12.0010	12.2510	13.0010	13.0010
Collingdale Borough	6.4560	8.7960	8.7960	9.8960	9.8600	10.7400	11.2370	11.2370	12.2370	12.2370
Colwyn Borough	13.7000	15.1000	15.1000	16.6000	19.9100	20.0200	27.0000	27.0000	27.2000	27.2000
Concorn Township	0.8900	0.8900	0.8900	0.9250	0.9440	0.9400	0.9440	0.0944	0.9440	0.9440
Darby Borough	9.5000	12.0000	12.0000	13.6000	13.7410	13.7400	16.2410	17.7410	17.7409	17.7409
Darby Township	6.5000	6.4850	6.5000	6.6350	8.9100	8.9100	10.9100	10.9100	11.4100	11.4100
East Lansdowne Borough	7.6380	8.6300	8.6300	11.0000	11.0000	11.0000	11.0000	11.3000	11.3000	11.3000
Eddystone Borough	3.5800	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500	5.7500
Edgmont Township	4.1900	0.5548	0.5548	0.6380	0.6699	0.7200	0.8283	0.8283	0.8283	0.8283
Folcroft Borough	5.0100	5.5000	5.5000	5.5000	6.1000	6.1000	6.1000	6.1000	6.1000	6.1000
Glenolden Borough	7.1000	7.4800	7.4800	7.9200	7.9200	8.4000	8.4000	8.4000	8.4000	8.4000
Haverford Township	4.8380	5.4160	5.4160	6.0850	6.3590	6.3590	6.6890	6.9920	7.3340	7.5400
Lansdowne Borough	8.2000	9.6200	9.6200	10.1780	10.5850	10.8496	11.1210	11.6210	11.9120	12.2096
Lower Chichester Township	3.0000	4.5000	4.5000	6.0000	6.0000	7.2000	7.2000	7.2000	7.2000	7.2000
Marcus Hood Borough	7.3500	7.3500	7.3500	8.3500	9.3500	9.3500	10.8500	12.3500	12.3500	12.3500
Marple Township	3.4000	2.9500	3.4000	3.5800	4.1100	4.1100	4.1840	4.1840	4.2900	4.4100
Media Borough	0.2900	2.0000	2.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Middletown Township	0.8200	1.3600	1.3600	1.3600	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000
Millbourne	20.0000	21.0000	21.0000	21.0000	23.0000	23.0000	23.0000	23.0000	24.0000	25.6160
Morton Borough	5.9210	6.5130	6.5130	6.5130	6.6610	7.1610	7.1600	8.1610	9.4110	9.6110
Nether Providence Township	3.1900	3.4300	3.4300	3.7600	3.9000	4.0900	4.3700	4.6800	4.7800	4.9200
Newtown Township	1.8600	1.9998	1.9998	2.1175	2.3023	2.5037	2.6640	2.7940	2.7940	2.8840
Norwood Borough	7.2970	7.9610	7.9610	8.0340	10.8220	10.8220	10.8220	10.8220	10.5500	10.5500
Parkside Borough	4.7200	5.9700	5.9700	7.6600	8.3600	8.8600	9.5000	9.5000	9.5000	9.5000
Prospect Park Borough	6.0000	6.3100	6.3100	6.7700	7.2400	7.9200	8.3200	8.3600	9.1200	9.5200
Radnor Township	2.7900	3.0100	3.0100	3.0100	3.3411	3.6411	3.7511	3.7511	3.7511	3.7511
Ridley Park Borough	5.5010	6.1680	6.1680	7.1090	7.4500	7.4500	7.7900	7.7900	8.1400	8.1400
Ridley Township	5.4700	6.3700	6.3700	7.2660	8.0160	8.0160	8.0170	8.0160	8.5160	8.5160
Rose Valley Borough	1.3420	1.4120	1.4120	1.5530	1.9400	1.9400	2.1100	2.3400	2.4200	2.4200
Rutledge	3.3100	3.3100	3.3100	3.6200	4.1500	4.3200	4.6800	5.2800	5.7100	5.7100
Sharon Hill Borough	6.4120	5.9610	6.4120	6.4120	6.4120	7.2400	7.5000	7.5000	7.5000	7.5000
Springfield Township	4.3600	4.3600	4.3600	4.7400	4.9800	4.9800	5.1700	5.3200	5.5860	5.5860
Swarthmore Borough	3.8310	4.1770	4.1770	4.5950	4.8700	5.2020	5.3020	5.4520	5.5890	5.5890
Tinicum Township	3.4000	3.2000	3.2000	3.9000	4.4000	4.4000	4.4000	4.4000	4.4000	4.4000
Trainer Borough	6.5000	6.5000	6.5000	8.0000	10.0000	12.7500	14.7500	14.7500	14.7500	14.7500
Upland Borough	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	5.4520	2.0000	2.0000
Upper Chichester Township	5.2300	5.7300	5.7300	6.3500	5.8500	5.8500	5.3500	5.1000	5.1000	5.1000
Upper Darby Township	11.1200	13.0400	13.0400	14.3400	14.9900	15.9400	16.7900	17.9400	18.9300	19.9200
Upper Providence Township	3.0480	3.0480	3.0480	3.1280	3.4634	3.5490	3.6480	3.7340	3.8030	3.8730
Yeadon Borough	8.1000	9.9900	9.9900	9.8900	8.8900	8.8900	8.8900	9.8900	9.8900	9.8900
School District Rates:										
Chester-Upland	49.7610	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360	51.3360
Chichester	26.6000	30.0900	31.4700	33.2950	34.6017	36.2819	37.7350	38.3000	38.6840	39.0708
Granet Valley	22.9810	24.7760	25.6040	26.0790	27.0680	27.8330	28.0260	29.0550	29.2006	29.7440
Haverford	17.7000	19.9400	21.0140	22.1600	23.1020	24.4743	26.0209	26.7305	27.6784	28.6692
Interboro	27.2500	28.6300	29.3500	30.0800	30.8300	31.6000	32.2000	32.2000	32.9406	33.4347
Marple-Newtown	13.1200	14.1400	14.1400	14.5367	15.1327	16.3222	25.1839	17.2199	17.6839	17.6839
Penn Delco	18.6590	20.1450	21.0170	21.6810	22.4220	23.1830	23.8250	24.5490	25.2760	25.9070
Radnor	15.6400	17.3670	18.2359	19.5118	20.2731	20.8681	21.1439	21.8227	21.7122	21.7122
Ridley	25.0000	28.3630	30.0630	31.7760	33.2490	35.5580	37.0310	38.2500	39.1250	39.2500
Rose Tree-Media	17.9481	19.4695	20.1314	21.0977	21.6251	21.6251	22.2522	22.6143	22.9445	23.3677
Southeast Delco	25.0840	29.5840	30.0840	30.0840	31.7840	35.7840	36.4996	36.8246	37.2849	38.4034
Springfield	20.0010	22.4570	23.9130	25.2840	26.2910	27.2230	27.9750	28.7300	29.3000	29.9604
Upper Darby	24.0500	26.5500	27.7700	28.7400	29.7200	30.9000	31.7300	32.8500	33.8150	34.5930
Wallingford Swarthmore	28.2000	32.1300	33.6100	35.9760	36.5660	37.6260	38.1520	39.3340	39.6930	40.5265
William Penn	30.9000	34.0600	35.6300	36.8400	38.4500	40.0600	40.0600	40.0600	41.6000	42.2900

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

Current Year and Ten Years Ago

2014			2005		
Taxpayer	Assessed Value	Percentage of Total Assessed Value	Taxpayer	Assessed Value	Percentage of Total Assessed Value
Redwood ERC Concord LLC	\$ 120,256,460	0.40	SDG Macerich Prop. Ltd.	\$ 93,000,000	0.32
Chester Downs & Marina LLC	118,650,000	0.39	Radnor Center Associates	68,954,300	0.24
Radnor Center Associates	68,954,300	0.16	Radnor Properties LP	62,451,160	0.22
SAP America Inc	57,509,000	0.15	BPG Real Estate	61,000,000	0.21
Exelon Generation Company	52,500,000	0.15	Exelon Generation Company	52,500,000	0.18
KS Springfield	51,406,800	0.14	SAP America	42,793,600	0.15
White Horse Village	49,058,970	0.14	CNL Retirement	42,000,000	0.15
Radnor Properties	48,965,641	0.14	Radnor Properties	41,637,720	0.15
Campus Investors	35,724,336	0.12	White Horse Village	38,357,000	0.12
Dunwoody Home	31,000,000	0.12	Radnor Properties	35,000,000	0.12
	<u>\$ 634,025,507</u>	<u>1.91</u>		<u>\$ 537,693,780</u>	<u>1.86</u>

Source: County of Delaware, Pennsylvania Assessment Office

County of Delaware, Pennsylvania

Property Tax Levies and Collections

Table 8

Last Ten Years

(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
2005	\$ 131,461,759	\$ 129,598,563	\$ 123,852,831	95.6%	\$ 2,975,841	\$ 126,828,672	97.9%
2006	132,481,443	130,728,257	127,218,986	97.3%	2,825,477	130,044,463	99.5%
2007	132,759,942	131,839,023	127,269,898	96.5%	2,697,314	129,967,212	98.6%
2008	144,800,000	144,796,199	139,522,134	96.4%	1,937,327	141,459,461	97.7%
2009	145,696,574	145,303,995	139,193,850	95.8%	2,434,883	141,628,733	97.5%
2010	156,843,125	156,775,703	149,741,101	95.5%	3,490,784	153,231,885	97.7%
2011	160,699,548	157,648,907	153,602,147	97.4%	3,174,243	156,776,390	99.4%
2012	160,764,044	160,579,733	153,849,835	95.8%	4,941,592	158,791,427	98.9%
2013	166,414,943	166,258,998	159,849,174	96.1%	1,952,412	161,801,586	97.3%
2014	172,732,089	172,242,510	166,260,056	96.5%	-	166,260,056	96.5%

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

County of Delaware Pennsylvania

Ratio of Outstanding Debt by Type

Table 9

Last Ten Years

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income (a)	Per Capita (a)	Percentage of Actual Total Value of Property (b)
	General Governmental Activities		Business-Type Activity	Total Primary Government			
	General Obligation Debt	Deep Discount Bonds Net of Unamortized Discount					
2014	\$ 293,615,899	\$ -	\$ 31,791,051	\$ 325,406,950	1.7 %	578	1.1 %
2013	312,386,052	-	33,095,319	345,481,371	1.9	603	1.0
2012	305,244,141	-	34,975,174	340,219,315	1.9	594	1.0
2011	291,337,128	2,420,465	36,072,872	329,830,465	1.8	589	1.0
2010	303,750,990	4,694,951	34,636,010	343,081,951	1.9	614	1.0
2009	305,135,826	6,830,638	27,218,174	339,184,638	1.9	608	1.1
2008	290,912,162	8,834,923	27,276,838	327,023,923	1.7	583	1.1
2007	269,666,826	10,718,947	27,071,174	307,456,947	1.7	553	1.0
2006	288,137,297	12,489,753	26,137,704	326,764,754	1.9	588	1.1
2005	300,458,936	14,151,143	25,551,064	340,161,143	2.1	612	1.3

(a) - See Table 12 for population data.

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

Source: Comprehensive Annual Financial Reports

County of Delaware, Pennsylvania

Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2014

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Delaware	\$ 293,615,899	100%	\$ 293,615,899
(Municipality):			
Aston Twp	4,609,000	100%	4,609,000
Bethel Township	776,380	100%	776,380
Brookhaven Twp	3,371,909	100%	3,371,909
Chester City	30,950,154	100%	30,950,154
Clifton Heights Borough	1,860,492	100%	1,860,492
Concord Township	11,871,538	100%	11,871,538
Darby Borough	6,700,000	100%	6,700,000
Darby Township	401,865	100%	401,865
Eddystone Borough	3,186,000	100%	3,186,000
Folcroft Borough	89,630	100%	89,630
Glenolden Borough	1,237,539	100%	1,237,539
Haverford Township	45,170,000	100%	45,170,000
Lansdowne Borough	3,505,840	100%	3,505,840
Lower Chichester Township	238,173	100%	238,173
Marcus Hook Borough	1,661,528	100%	1,661,528
Marple Township	4,134,108	100%	4,134,108
Media Borough	5,620,000	100%	5,620,000
Middletown Township	10,280,000	100%	10,280,000
Morton Borough	802,528	100%	802,528
Nether Providence Twp.	5,602,287	100%	5,602,287
Newtown Township	2,803,323	100%	2,803,323
Norwood Borough	1,418,814	100%	1,418,814
Parkside Borough	440,137	100%	440,137
Prospect Park Borough	1,536,714	100%	1,536,714
Radnor Township	56,915,000	100%	56,915,000
Ridley Park Borough	1,363,022	100%	1,363,022
Ridley Township	14,411,857	100%	14,411,857
Rutledge Borough	153,725	100%	153,725
Springfield Township	4,204,000	100%	4,204,000
Swarthmore Borough	2,358,817	100%	2,358,817
Thonbury Township	204,677	100%	204,677
Tinicum Township	4,647,000	100%	4,647,000
Upland Borough	1,798,586	100%	1,798,586
U. Chichester Township	4,397,071	100%	4,397,071
Upper Darby Township	13,940,000	100%	13,940,000
Upper Providence Township	4,328,362	100%	4,328,362
Yeadon Borough	3,416,000	100%	3,416,000
			260,406,076

(continued)

County of Delaware, Pennsylvania

Direct and Overlapping Governmental Activities Debt

Table 10

As of December 31, 2013

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
(School District):			
Chester-Upland	\$ 81,264,377	100%	\$ 81,264,377
Chichester	64,041,826	100%	64,041,826
Garnet Valley	85,316,097	100%	85,316,097
Haverford	124,000,402	100%	124,000,402
Interboro	40,645,000	100%	40,645,000
Marple-Newtown	89,275,000	100%	89,275,000
Penn Delco	82,845,000	100%	82,845,000
Radnor	104,545,848	100%	104,545,848
Ridley	64,328,315	100%	64,328,315
Rose Tree-Media	83,564,714	100%	83,564,714
Southeast Delco	50,316,373	100%	50,316,373
Springfield	48,461,012	100%	48,461,012
Upper Darby	31,323,092	100%	31,323,092
Wallingford Swarthmore	89,756,988	100%	89,756,988
William Penn	55,360,150	100%	55,360,150
Direct school district debt			1,095,044,194
Subtotal, overlapping debt		100%	1,355,450,270
Total direct and overlapping debt		100%	\$ 1,649,066,169

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, 2014

(Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Borrowing Base Revenues (1)	\$ 476,448,524	\$ 479,826,132	\$ 503,323,037	\$ 528,871,550	\$ 538,675,759	\$ 534,473,234	\$ 515,539,248	\$ 506,291,039	\$ 504,478,366	\$ 512,084,629
Debt Limit Percentage	300%	300%	300%	300%	300%	300%	300%	300%	300%	300%
Debt Limit	\$1,429,345,572	\$1,439,478,396	\$1,509,969,111	\$1,586,614,650	\$1,616,027,277	\$1,603,419,702	\$1,546,617,744	\$1,518,873,117	\$1,513,435,098	\$1,536,253,887
General Obligation Debt	\$ 340,161,143	\$ 326,764,754	\$ 307,456,947	\$ 327,023,923	\$ 339,184,638	\$ 343,081,951	\$ 329,830,465	\$ 332,519,000	\$ 338,836,000	\$ 319,599,000
Legal Debt Margin	\$1,089,184,429	\$1,112,713,642	\$1,202,512,164	\$1,259,590,727	\$1,276,842,639	\$1,260,337,751	\$1,216,787,279	\$1,186,354,117	\$1,174,599,098	\$1,216,654,887

(1) 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

(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>
2005	555,648	\$ 15,955,432	\$ 28,715	39.4	71,798	4.6%
2006	555,996	16,768,283	30,159	39.8	72,043	4.5%
2007	556,351	17,416,291	31,305	40.2	72,858	4.0%
2008	561,109	18,782,562	33,474	40.8	72,661	5.7%
2009	558,028	17,929,439	32,130	41.2	72,358	8.7%
2010	558,979	18,098,622	32,378	41.4	73,432	7.8%
2011	559,992	17,957,263	32,067	41.5	73,555	7.8%
2012	559,998	17,974,582	32,277	42.5	73,610	7.7%
2013	561,973	18,050,392	33,098	42.6	74,003	6.3%
2014	562,960	18,690,272	33,200	42.6	74,129	4.9%

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

- (2) County of Delaware conducted a reassessment in 2000 at market value. The County discontinued the tax beginning in 1997.

Source: County Assessment Office, County Planning Dept., and Delaware County Commerce Center

County of Delaware, Pennsylvania

Principal Employers

Table 13

Current Year and Nine Years Ago

(Unaudited)

2014			2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crozer-Keystone Health System	7,000	1.25%	Crozer-Keystone Health System	7,050	1.70%
Boeing Co. (Rotorcraft Div.)	4,550	0.80%	Boeing Co. (Rotorcraft Div.)	4,400	1.06%
Boeing Co. (Army Systems Div.)	4,000	0.70%	Boeing Co. (Army Systems Div.)	4,000	0.96%
Delaware County	3,030	0.51%	Riddle Health System	1,900	0.46%
Villanova University	2,900	0.50%	Acme Markets Inc.	1,800	0.44%
Wawa	2,700	0.45%	Villanova University	1,750	0.43%
Mainline Health System	1,850	0.32%	Elwyn Industries	1,500	0.36%
AmeriHealth Mercy Services	1,700	0.29%	Keystone Mercy Health Plan	1,500	0.36%
SAP America	1,500	0.25%	SAP America	1,400	0.34%
Elwyn	1,500	0.25%	Wawa Inc.	1,300	0.31%
Upper Darby School District	1,500	0.25%	Harrah's	1,300	0.31%

Source: County of Delaware, Pennsylvania, Planning Dept.
Delaware County Commerce Center

Note: GASB statement 44 was implemented in 2006, therefore that is the earliest comparison data available.

County of Delaware, Pennsylvania

Full-time Equivalent County Government Employees by Function/Program

Table 14

Last Ten Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government and administration	2,262	2,317	2,385	2,274	2,477	2,389	2,402	2,438	2,429	2,347
Judicial	784	789	693	754	718	669	690	692	687	656
Culture and recreation	18	21	16	17	14	15	17	17	17	17
Golf course	5	5	5	5	5	5	5	5	5	5
Fleet services	<u>7</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>
Total	<u><u>3,076</u></u>	<u><u>3,137</u></u>	<u><u>3,105</u></u>	<u><u>3,056</u></u>	<u><u>3,218</u></u>	<u><u>3,082</u></u>	<u><u>3,121</u></u>	<u><u>3,159</u></u>	<u><u>3,144</u></u>	<u><u>3,031</u></u>

Source: Personnel Department

County of Delaware, Pennsylvania

Operating Indicators by Function/Program
 Table 15
 Last Ten Fiscal Years
 (Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function/Program										
General Government and Judicial										
Bridges maintained	46	46	46	46	46	46	46	46	46	46
Buildings maintained	8	8	8	8	8	8	8	8	8	8
Recreation										
Rounds played	32,718	28,500	29,443	29,650	27,000	29,118	25,561	27,015	24,806	22,010
Garden plots	117	121	118	118	114	114	114	114	114	114
Summer Fest Events	48	47	52	46	49	47	49	-	50	50
Summer Fest Attendance	39,034	37,696	65,000	58,000	50,000	47,000	53,000	52,000	50,000	51,000
Health & Human Services										
Cases	52,801	54,959	55,642	56,441	57,266	67,479	69,037	69,994	69,994	68,061
Adoptions	726	757	756	795	836	809	719	701	714	720
Children in Foster Care	953	989	1,028	1,100	1,143	892	868	844	891	885
Mental Health Population	6,436	6,524	6,852	8,077	8,222	7,847	8,900	7,503	17,867	20,236
Judicial										
Cases										
Civil	1,560	1,612	1,690	1,783	1,191	1,230	1,428	1,639	1,862	2,124
Criminal	1,426	1,537	1,659	1,774	1,155	1,194	1,314	1,945	2,178	2,461
Solid Waste										
Residential Tonnage	270,163	275,208	264,164	253,147	244,590	238,406	230,358	217,700	213,195	211,852
Commercial Tonnage	118,324	138,370	137,690	151,290	132,920	130,847	136,125	140,694	147,684	155,443

County of Delaware, Pennsylvania

Capital Asset Statistics by Function/Program
 Table 16
 Last Ten Fiscal Years
 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
General Government and Judicial										
Facilities	7	7	7	7	7	7	7	7	7	7
Vehicles	257	261	261	261	252	252	252	277	310	315
Cases	2,986	3,159	3,291	3,291	3,419	3,637	3,692	3,984	4,367	4,884
Recreation										
Parks	6	6	6	6	6	6	6	6	6	6
Golf Courses	1	1	1	1	1	1	1	1	1	1
Golf Rounds played	32,718	28,500	29,443	29,650	27,000	29,118	25,561	27,015	24,806	22,010
Vehicles	14	14	14	14	14	14	14	14	14	14
Public Works										
Vehicles	7	8	1	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	1	1	1	1	1
Corrections										
Capacity	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592
Vehicles	3	3	3	3	3	3	1	1	1	1
Juvenile Facility										
Capacity	836	836	836	836	836	836	836	836	836	836
Vehicles	2	2	2	2	2	2	2	2	2	2
Human Services										
Caseloads	52,081	54,959	55,642	56,441	57,266	67,479	67,479	68,919	69,002	71,119
Vehicles	52	52	52	51	45	45	46	46	46	46
Infrastructure										
Bridges	46	46	46	46	46	46	46	46	46	46

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