

Radnor Township

Comprehensive Annual Financial Report

For the Year Ended, December 31, 2017



Clem Macrone Park

Re-Opened September 9, 2017



Radnor Township

301 Iven Ave, Wayne, PA

610.688.5600

www.radnor.com

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the year ended, December 31, 2017

**TOWNSHIP OF RADNOR,
DELAWARE COUNTY,
PENNSYLVANIA**

The Best Place to Live, Work and Do Business on the Main Line!

Prepared by:

Radnor Township Finance Department

William M. White, MBA

Assistant Township Manager and Director of Finance

TOWNSHIP OF RADNOR, PENNSYLVANIA
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**INTRODUCTORY
SECTION**

LISA BOROWSKI
President

LUCAS A. CLARK, ESQ.
Vice President

JAKE ABEL

RICHARD F. BOOKER, ESQ.

SEAN FARHY

JOHN NAGLE

JACK LARKIN, ESQ.



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ROBERT A. ZIENKOWSKI
Township Manager
Township Secretary

JOHN B. RICE, ESQ.
Solicitor

JOHN E. OSBORNE
Treasurer

June 25, 2018

To the Citizens and Board of Commissioners
Radnor Township, Pennsylvania

On behalf of the staff of the Finance Department, the Township Manager and the entire administration, we are pleased to submit Radnor Township's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017. The annual report, as required by the Township's Home Rule Charter, includes the "basic financial statements", including the accompanying footnotes. It also includes Management's Discussion and Analysis on the activity reported in the audited financial statements. These financial statements have been audited by an independent accounting firm of certified public accountants and are presented in accordance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards.

This report portrays management's representations regarding the Township's financial position. As such, Radnor Township management assumes full responsibility for the accuracy and completeness of all the information included in the CAFR. The Township management has implemented various internal control measures to provide a reasonable basis for making these financial representations. The framework of internal controls established is meant to provide reasonable assurances to protect Township assets from loss, theft, or misuse, noting that they do not provide absolute protection.

The Township's financial statements were audited by Zelenkofske Axelrod LLC. Zelenkofske Axelrod LLC is a regional, independent accounting firm of certified public accountants operating in five locations in Pennsylvania and Delaware, has nearly 50 professionals, and revenues in excess of \$8 million. In their report, the independent auditors rendered an unmodified opinion which indicates that the financial statements are fairly represented, in accordance with GAAP, and free from material misstatements. The independent audit involved examination, on a test basis, of Township records and supporting documentation used to generate the amounts and disclosures included in the financial statements. The independent auditor's report is the first item included in the financial section of this report and can be found on page 1.

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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF RADNOR TOWNSHIP

General Profile:

The Radnor Township community is proud of its heritage and continues to reflect many of the values of its settlers of over 300 years earlier. The Township is home to a public school system that has been rated as one of the finest in the nation and includes a vast network of lush parks, playgrounds and athletic fields all of which make Radnor *“The best place to live, work, visit and do business on the Main Line.”*

Radnor Township is located in the northwestern corner of Delaware County and is approximately 15 miles west of the City of Philadelphia. The Township encompasses 13.83 square miles, has a population of 31,531 and is located on Philadelphia’s prestigious “Main Line.” The Township consists of all or portions of the Bryn Mawr, Garrett Hill, Newtown Square, Rosemont, St. Davids, Villanova, and Wayne neighborhoods, each of which brings a unique quality to the Radnor demographics. Part of what makes the Radnor Community so special is the opportunity for excellent education from the time a child first steps foot into a classroom all the way through post-secondary degree opportunities. In addition to having excellent public schools, Radnor Township is home to several private education entities such as the Academy of Notre Dame, Agnes Irwin School, Archbishop John Carroll High School, St. Aloysius, Country Day School of the Sacred Heart, St. Katharine of Siena School, and Jack M. Barrack Hebrew Academy. Also located within the Township are several colleges and universities including Villanova University, Eastern University, Cabrini College, and the Valley Forge Military Academy and College.

Radnor Township is also advantageously situated in terms of transportation making Radnor a primary destination for commercial activity with some of the most valuable commercial real estate in the east coast market. Stakeholders can easily get to Radnor by accessing the Interstate 476 and State Route 30 interchange which is just a few short miles south of the Pennsylvania Turnpike / Interstate 76. These major road arteries allow travelers to get to Philadelphia, New York, Baltimore, Washington D.C. or Harrisburg within a short commute. Radnor is also home to five Southeastern Pennsylvania Transportation Authority (SEPTA) Regional Rail Line stations and six Norristown High Speed Rail stations. From any of the SEPTA stations, travelers can easily and quickly get to downtown Philadelphia which then connects with the Philadelphia airport, the athletic facilities, and other greater Philadelphia region attractions as well as with Amtrak. Amtrak can then provide transportation to New York, Baltimore, Washington D.C. and other major metropolitan destinations.

Township Structure and Services Profile

In 1968, the Commonwealth of Pennsylvania ratified a new constitution, giving voters the right to formulate and institute self-rule (called “home rule”) governments at the county and local levels. In 1976, Radnor voters approved the Radnor Township Home Rule Charter. The Home Rule Charter, together with the Pennsylvania laws pertaining to 1st Class Townships as well as Radnor’s Administrative Code, provides the legal structure and guidance of the Township.

As provided by the Home Rule Charter, legislative and executive authority is maintained at the Board of Commissioners level (the “Board”). The Board is Radnor’s governing body and consists of seven elected members, each representing one of the seven wards comprising the Township. The Board appoints a Township Manager who is responsible for the day to day administration of the Township. The Township Administration consists of five departments, headed by appointed Directors. Those departments include Recreation and Community Programming, Public Works, Police, Community Development, and Finance. Radnor Township stakeholders have come to expect the very best in municipal services and as a result, the township provides a wide range of top-notch services from basic life safety issues to improved quality of life programming and amenities. The graphic below provides a program summary provided by each of the Township’s departments:



Township Budget Process Profile

The Township budgets for its activities through an ongoing budgeting process, in accordance with the Township Charter, that culminates in the adoption of an annual appropriation budget, five-year capital plan as well as a consolidated fee schedule. Included in the annual budget process is the update of the five-year financial forecast and associated assumptions. The forecast consolidates future operational results with the five-year capital plan and is incorporated into the final budget document that is published for public review and comment. The budget process begins in late summer at which time the administrative departments submit their subsequent year requests and capital plan updates along with the necessary materials and supporting documentation to the Township Manager. The Manager then reviews the information and formulates a recommendation to the Board in the form of a preliminary budget by early October. The preliminary budget is then reviewed by the Board and public through various meetings, is amended as necessary, and is ultimately adopted (as revised) in early December. It is during this process that the Board determines the necessary real estate millage, sanitary sewer rent, stormwater and other significant fee rates necessary to provide funding for the ensuing fiscal year. The legal level of budgetary control is at the object of expense, and all appropriations lapse at the end of the fiscal year except those that are obligated through encumbrance.

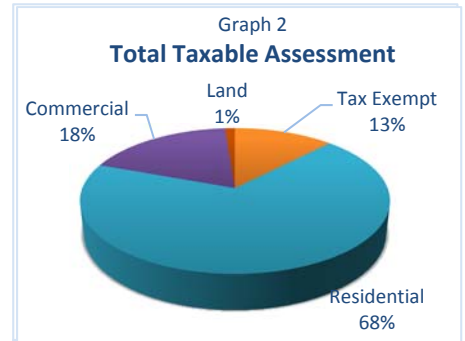
The Township has adopted several important fiscal policies aimed at creating balanced budgets, establishing appropriate levels of funding reserves, determining the appropriate use of non-recurring revenues, establishing annual capital funding, and establishing a funding plan for other post-employment benefits (OPEB). These policies can be found in the Township's Administrative Code, Chapter §44 and are reviewed periodically and updated according to current needs or best practices.

RADNOR'S ECONOMY

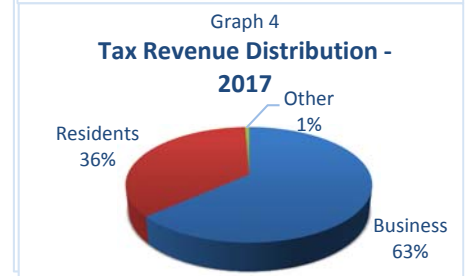
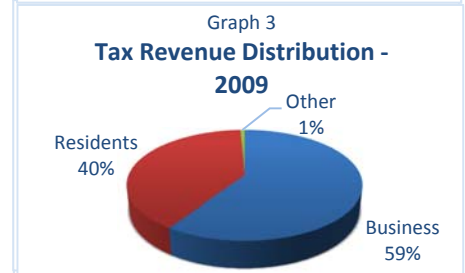
Radnor's economy is made up of a broad spectrum of activities from the smallest family run retail store to national retail stores; from one-person professional service firms to Fortune 500 companies. As a result, Radnor's affluence allows the local economy to be resilient. This is evidenced in the community's continued recovery from the recessionary lows of 2009. In quantifying economic conditions, there are several key metrics to gauge the economic conditions including real estate category makeup, real estate assessment growth, median household income, employment statistics as well as the taxes levied under the Local Enabling Act 511. More specifically, the Act 511 taxes reveal how the real estate and business base in Radnor is doing economically. The business privilege taxes are levied on the gross receipts of commercial business activity at 3.000 mills. The performance of these revenues is a strong indication of the vitality of Radnor's business community. Next, the local services tax is levied as a fixed amount per employee at \$52.00. The performance of these revenues is an indication of employment trends in Radnor by our businesses. Finally, the real estate transfer tax, levied as a percentage of the sale amount on real estate transactions in Radnor, is 1.00%. The performance of these revenues is an indication of the real estate market in Radnor, both in terms of the number of transactions and the value of each transaction. When these economic factors are reviewed together at the macro level, one can quickly gain an understanding of Radnor's economic growth. These key metrics are discussed and documented in the Management's Discussion and Analysis beginning on page 4.



Another economic factor to consider is the real estate assessment values year over year. Radnor Township has over 8,900 properties distributed into four broad categories as shown in Graph 2. In terms of the number of properties, most of the Township’s real estate market is made up of residential, at 68%. Overall, the Township’s total real estate assessed value has remained strong and stable. As shown in Schedule 7 in the Statistical Section, page 105, the annual assessment growth has averaged 0.70% per year, which contributes to increased real estate tax revenues over and above any changes made to the millage rates and shows a constant, reliable growth trend on a significant portion of the Township’s Revenue makeup.



The Radnor Township Administration understands that another important aspect to a healthy local economy and community is maintaining tax rates. To that end, the Township has worked extremely hard to balance the needs of the community while freezing the real estate tax rate. The real estate millage rate in Radnor was 3.7511 mills from 2012 through 2015 and increased to 3.9228 in 2016 and has remained steady since then. At the same time and in concert with keeping the real estate millage rate as low as possible, the Administration has embraced the trend whereby the resources generated through business activity exceeds those generated from the residents. Fostering business growth has helped shift the weight away from the residents. Graphs 3 and 4 represent the source of the Township’s tax revenue from 2009 as compared to 2017. As depicted, the residential burden has decreased from 40% to 36%. This is the result, in part, to keeping real estate taxes relatively stable, but also from business activity growth as discussed later in the Management Discussion and Analysis. The Township will continue to foster business growth in an effort to balance the service demands of the community with the constraint of keeping tax rates as low as possible.



LONG-TERM FINANCIAL PLANNING

The Board of Commissioners, Administration and the Citizens Audit Review and Financial Advisory Committee (CARFAC) worked together in 2012 to build a working five-year forecasting model. That model has been used to build in long-term funding plan for the OPEB obligations as well as annual funding to the Township’s capital program. Moving forward, the long-term financial planning model will be used to identify operational revenue and expense trends as well as to build in various dedicated funding plans to address other major funding needs. The long-term financial model is incorporated into the Township’s annual budget to help the Commissioners and the Township see the long-term impact of various decisions made today. Further, the model will allow more comprehensive decision making as decisions are built into the model and analyzed on a Township-wide scale, rather than in a vacuum.

MAJOR INITIATIVES:

Enterprise Resource Planning (“ERP”) and Technology Improvements

The Township administration, working together with CARFAC, began working back in 2014 to evaluate the Township’s current financial and departmental operating software. The project was born out of frustration with the lack of functionality from the Township’s current software system, which has not seen a major upgrade since 2006 as well as comments from the Township auditors regarding IT security, capital asset accounting and disaster recovery. The project kicked off during the summer of 2014 with members of the Township Finance Department presenting the CARFAC IT Subcommittee an overview of departmental level business processes and the inefficiencies in workflow and duplicative efforts caused

by the Township's usage of non-integrated pieces of software. Over the next several months, Finance Department staff continued to meet with the CARFAC IT Subcommittee to discuss project objectives and goals, address audit comments and disaster recovery options, and identify potential ERP vendors. The project immediately resolved that the current system setup (or status quo) is not an option moving forward. After the need was established, the administration and CARFAC performed market research to find the very best in municipal software providers, and narrowed the search down to three providers. Each of the three providers were invited to conduct Radnor specific demonstrations of their software. Demonstrations were provided for each of the Township's departments to ensure that the appropriate level of detail was included and that the department had an opportunity for feedback. After the demonstrations, the administration and CARFAC reviewed pricing and implementation strategies with the three firms. Ultimately, the Township selected Tyler Technologies based on their ability to meet the core software objectives of the project, their pricing structure and implementation plan.

The overall objective of the project is to capitalize on advances in information technology to increase the efficiency of Township staff, improve access to information, and increase direct access to system functions by employees and constituents. Primary objectives include the implementation of an integrated system to eliminate inefficiencies such as duplicate data management, data entry, transactional processes and reconciliation, provide better and timelier information for decision making, streamline workflow, improve ability to access information for staff and constituents, eliminate the need to manually re-enter data to prepare regular and ad hoc reports, increase direct constituent access to information online and performance of online transactions, and improve security, controls, and disaster recovery.

The Board of Commissioners have supported the project from its inception, setting aside \$1,000,000 from a one-time business tax settlement dedicated to this project. Further, the Board of Commissioners adopted legislation in late November 2015 authorizing the administration and CARFAC to negotiate specifically with Tyler Technologies to develop an agreement to be brought back to the Board for final review and adoption. On May 9, 2016, the Board of Commissioners adopted a resolution entering into an agreement with Tyler Technologies to install their ERP system. The final pricing came in well under the amount allocated by the Commissioners. The Tyler ERP project kicked-off on June 1, 2016 and our first go-live module, general ledger and financial reporting, occurred on July 1, 2017, followed by payroll and human resources modules going live on October 1, 2017. The remaining modules are expected to be implemented during 2018 and 2019.

Park Improvements

Clem Macrone Park, located at 810 Conestoga Road in Bryn Mawr, celebrated its grand reopening in September of 2017, following ten months of extensive construction, renovations and significant additions and upgrades. The community-based master plan process began in 2014 to evaluate a new layout of the 9.4 acre park. After two years of discussions and planning, a comprehensive project took shape in 2017 to renovate and redesign many of the park's existing amenities including the basketball court, tennis courts, playground, parking lot, comfort station, and war memorial along with creating new park features such as the .4 mile walking path that spans the entire footprint of the park, a bandshell, and a picnic pavilion. Sustainable and green features were also incorporated park-wide and served as a backbone for the park's entire design and construction effort. Clem Macrone Park is the proud recipient of the DCNR (PA Department of Conservation and National Resources) 2018 Green and Sustainable Park Award.

AWARDS

Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Radnor Township for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the fifth year in a row that the Township had received 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.


ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the contributions and dedication of the Township Staff, especially those in the Finance Department. Equally, we would like to thank the volunteer members of CARFAC for their dedication, expertise and guidance. Their contributions to this report and the overall audit process add tremendous value and are always appreciated.

Finally, we thank the members of the Board of Commissioners for their prudent fiscal management and leadership as well as all the volunteer members of the various boards and commissions for their tireless work helping to move Radnor forward.

It's the contributions of all of these individuals that make Radnor Township *"The Best Place to Live, Work, Visit and Do Business on the Main Line."*

Respectfully,



Robert A. Zienkowski,
Township Manager / Secretary



William M. White, MBA
Assistant Township Manager & Director of Finance

PRINCIPAL OFFICIALS
As of December 31, 2017
RADNOR TOWNSHIP, PENNSYLVANIA

ELECTED OFFICIALS

Board of Commissioners

Vacant	1 st Ward Commissioner
Richard F. Booker, Esq.	2 nd Ward Commissioner
Lucas A. Clark, Esq.	3 rd Ward Commissioner
Elaine P. Schaefer	4 th Ward Commissioner
John C. Nagle, P.E.	5 th Ward Commissioner
Donald Curley.....	6 th Ward Commissioner
Sean Farhy.....	7 th Ward Commissioner

Elected Treasurer

John E. Osborne	Treasurer, At-Large
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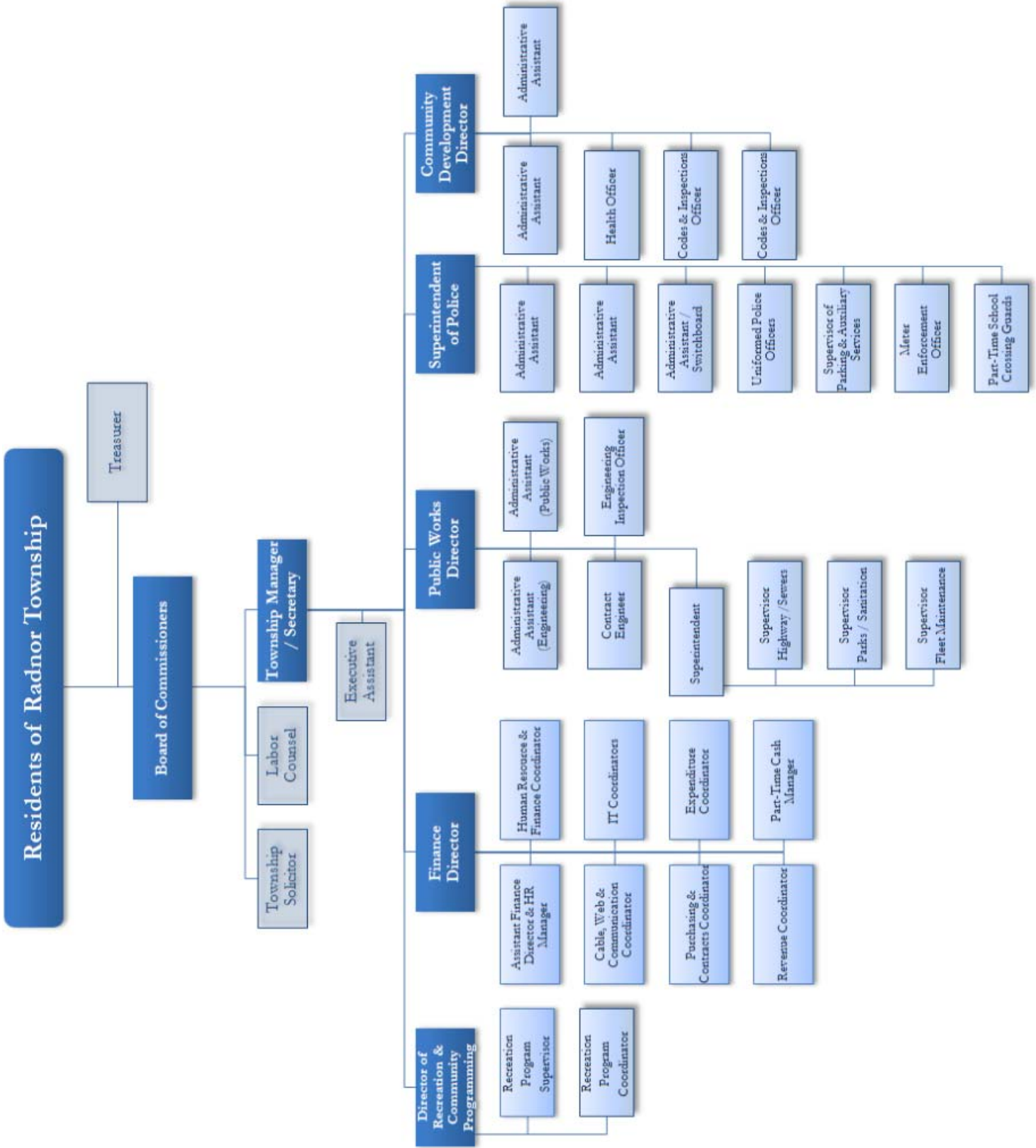
APPOINTED OFFICIALS

Robert A. Zienkowski	Township Manager / Secretary
John Rice, Esq., Grim Biehn & Thatcher, PC.....	Township Solicitor
William Colarulo.....	Superintendent of Police
Tammy Cohen	Director of Recreation and Community Programming
Kevin Kochanski, RLA, CZO.....	Director of Community Development
Stephen Norcini, P.E.....	Director of Public Works
William M. White, MBA	Assistant Township Manager and Director of Finance

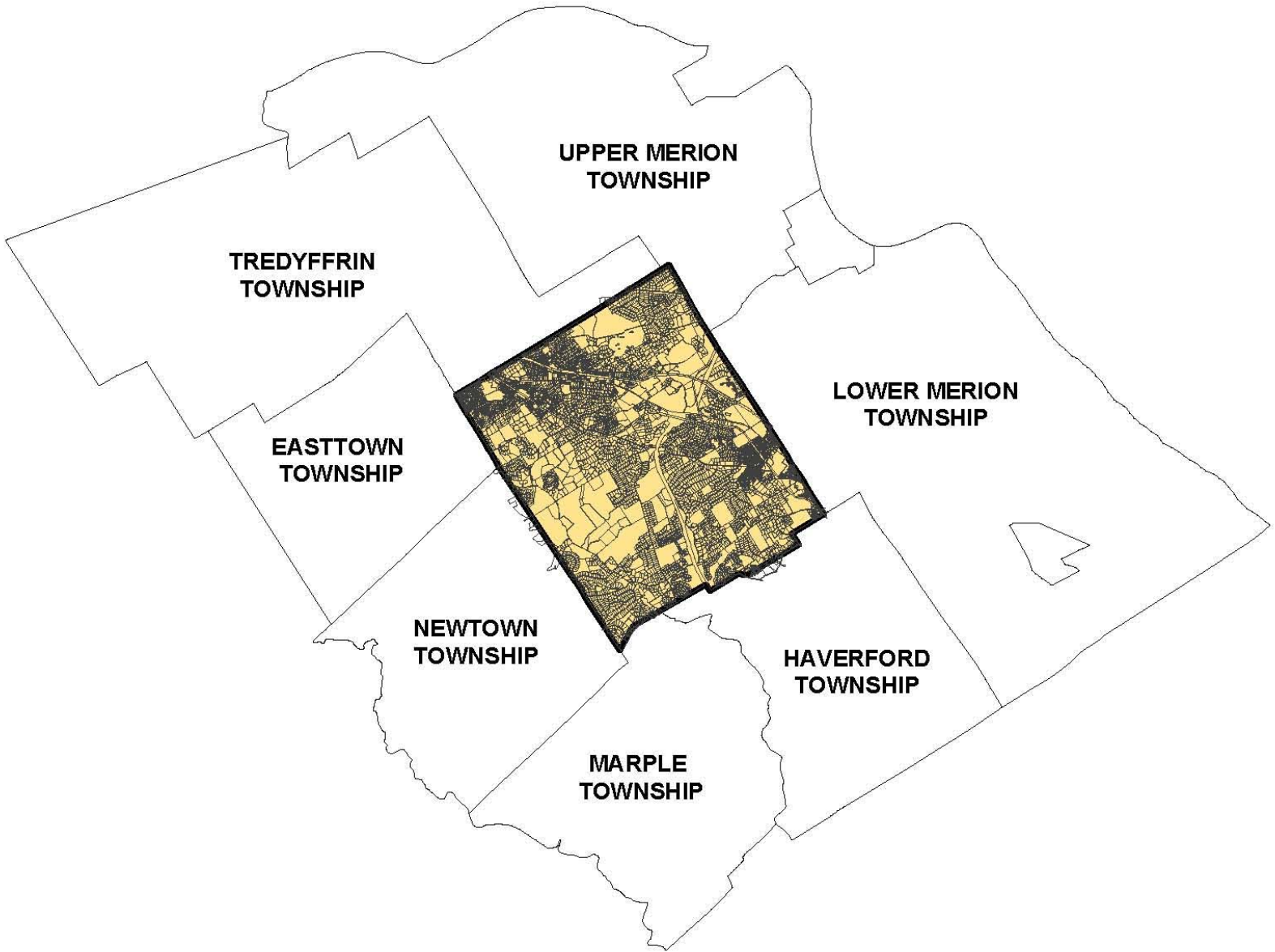
APPOINTED PROFESSIONAL FIRMS

T.D. Bank, NA	Banking Depository
Cozen O’Conner	Bond Counsel
PFM Advisors.....	Pension Plan Investment Advisor
Mockenhaupt Benefits Group.....	Pension Plan Actuary
Clark Hill, PLC	Labor Law Solicitor
Flamm Walton, PC.....	Business Tax Solicitor
Gannett Fleming	Engineering Firm

**TOWNSHIP OF RADNOR, PENNSYLVANIA
ORGANIZATIONAL CHART**



TOWNSHIP OF RADNOR, PENNSYLVANIA
MAP OF RADNOR AND SURROUNDING COMMUNITIES





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Township of Radnor
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Township of Radnor
Wayne, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Radnor, Pennsylvania as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Radnor, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions – police and civilian pension plans, pension plans – schedule of investment returns, police pension plan – schedule of change in the employer's net pension liability and related ratios, civilian pension plan – schedule of change in the employer's net pension liability and related ratios, schedule of funding progress, schedule of changes in the net OPEB liability and related ratios, schedule of contributions OPEB plan, schedule of investment returns OPEB plan, and budgetary comparison information on pages 4-18 and 71-83 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 Township of Radnor's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

Experience. Expertise. Accountability.

The introductory 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 it.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
June 25, 2018

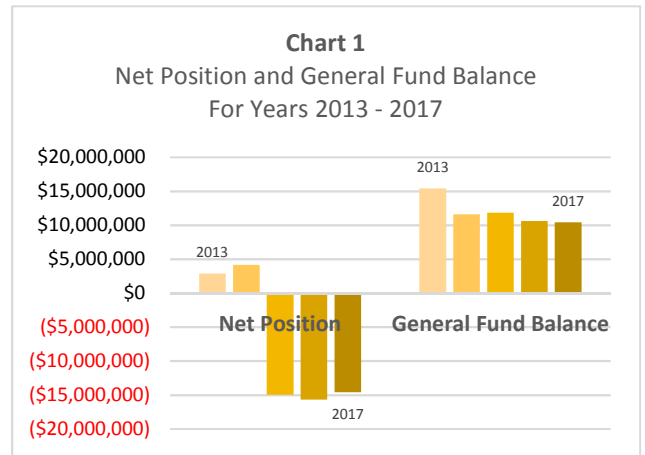
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**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

It is a pleasure to present the financial picture for the Township of Radnor, Pennsylvania. We offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2017.

Financial Highlights

Radnor Township's government-wide net position on December 31, 2017 was (\$14,682,578), which improved by \$1,013,246 from December 31, 2016. Graph 1 shows the Township's net position and General Fund Balance over the last five years. The Township has, for the most part, maintained its net position for the last three years; hovering near a (\$15,000,000) deficiency. The reason for the negative net position is due to the net pension and other post-employment benefit liabilities. The net position for 2017 improved due to reductions in governmental activity expenses coupled with significant permitting revenue. At the same time, the Township has maintained strong General Fund balances. This complies with fund balance policies that require a minimum of fifteen percent of expenditures be held in reserve, plus an additional ten percent of expenditures in the event business tax revenue exceeds thirty percent of the total General Fund revenue.



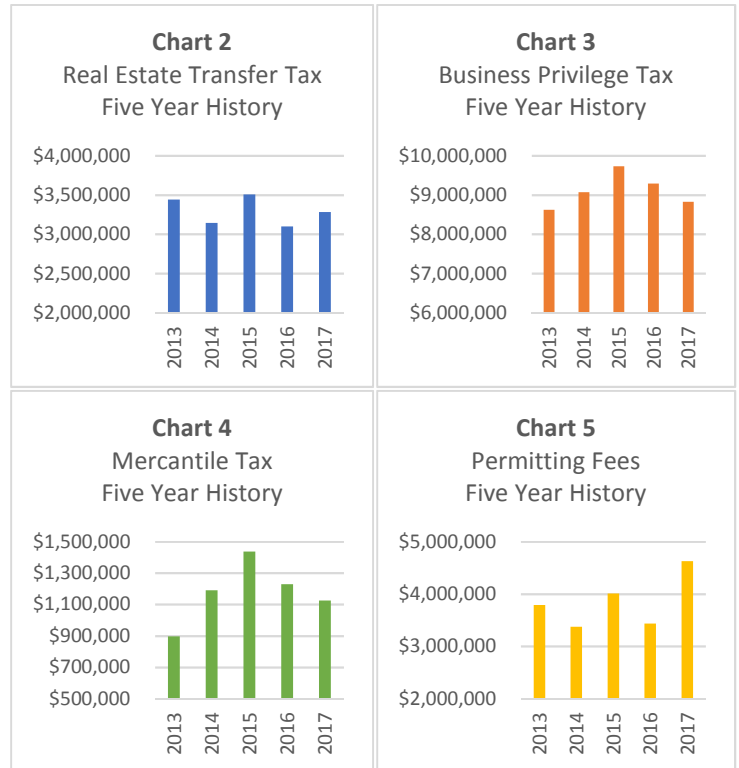
As reported on the Governmental Funds Balance Sheet, the General Fund's 2017 unassigned fund balance met the target 15% at \$4,256,747, the 10% fund balance stabilization at \$2,837,832, and still has \$2,258,414 in other unassigned fund balance. The Township's fund balance policy calls for the Board of Commissioners to reinvest the other unassigned portion of the fund balance into either long-term liabilities and/or capital needs. That will be determined in 2018 and is why the fund balance has remained steady for the past four years.

In recognizing that the net pension liability and net OPEB obligations represent the two reasons for the negative net position, the Township continues to make strides. The Township has sought to understand the problem, identify alternative funding solutions, and commit to investing funds that lead towards solutions. In fact, in certain years, the Township overfunded its calculated pension obligation and began working with its labor force to change benefits moving forward. Specifically, the Township has negotiated pension and OPEB benefits out of the civilian union labor contracts; eliminating both pension and OPEB from any employee hired after January 1, 2013. At the same time, any leave time owed at the time of retirement must be used through terminal leave versus a lump sum payment; thus, reducing pension benefits during retirement. On the funding side, the Township has adjusted actuary assumptions to better match reality starting with a reduction in the rate of return assumption from 8% to 7.25%. As a result of these decisions, the Township's net pension liability has seen reductions over the past three years from \$21.5 million on December 31, 2015 to \$18.4 million December 31, 2017. While stabilizing the liability is a good first step, the Administration continues to work with the Township's Citizens Audit Review & Financial Advisory Committee ("CARFAC") to further evaluate alternatives that will improve the funding status and lower the liability. In addressing OPEB, the Township established a long-term funding plan that began in 2014. At that time, the Township established an OPEB Trust to account for the assets and liabilities of the benefit plan and has invested excess revenue when available to grow the value of the OPEB trust assets. At December 31, 2017, the OPEB Trust assets were \$7,510,446. The funding plan calls for increased investments of General Fund dollars over a ten-year period into the OPEB trust until the annual required contribution amount is being funded annually.

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Financial Highlights (continued)

2017 marked the second straight year of reductions in Business Privilege and Mercantile Tax revenues with the Township reverting to pre-2015 highs. However, Real Estate Transfer Tax and Permitting revenue both helped to close the revenue gap left by the other business tax revenue. Local Enabling taxes include the Real Estate Transfer, Business Privilege, Mercantile, and Local Services taxes. Real Estate Transfer Taxes gauge the health of the local housing market. Revenue has fluctuated from year to year, but has remained strong, netting over \$3 million each year over the past five years. Business Privilege Taxes reflect all commercial activity in Radnor, except retail, and represent the largest of the revenue sources in this grouping. Revenue has stepped down in each of the last two years as gross receipts reported has shrunk. Still, the revenue remains significant enough to cover operations, floating just under \$9 million. Mercantile Taxes reflect retail activity in Radnor. The Township receives revenue of roughly \$1.1 million per year, with 2017 generating \$1,126,429 in Mercantile Tax revenue for the General Fund [noting that 2013 only generated 50% of normal activity due to a law change]. Finally, Permitting revenue is an indicator of the development and redevelopment activity in Radnor and has had strong performance since 2013. For 2017, revenues spiked to \$4,629,018, with a large portion coming from Villanova University's parking, dormitory and performing arts center improvement project.



Finally, Real Estate Tax rates remained at 3.9228 mills in 2017 and collections were consistent at \$12.5 million. In 2016, millage rates were increased by 0.1717 mills specifically to fund the retirement of the Series 2015 and 2016 General Obligation Bonds issued for improvements at the Township Library, various parks and trails. Prior to 2016, the last millage increase was in 2012 when the millage rate was increased from 3.6411 mills to 3.7511 mills. Over that period, Real Estate Taxes have been steady at roughly \$12 million per year with collection rates ranging from 97.93% to 99.98%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. These statements include 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.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Overview of the Financial Statements (continued)

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Township of Radnor, Pennsylvania's finances, in a manner like a private-sector business.

The statement of net position presents information on the entire Township'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 Township is improving or deteriorating.

The statement of activities presents information showing how the Township'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, revenue and expenditures 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 leave).

Both government-wide financial statements distinguish functions of the Township that are principally supported by taxes (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 Township include General Government, Public Safety, Community Development, Public Works, Parks and Recreation, contributions to Community Organizations, and Debt Service. The business-type activities of the Township include the rental of the Willows Mansion.

The government-wide financial statements include only the activities of the Township. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the Township. The government-wide financial statements can be found on pages 19 and 20 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 Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Township 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 financial requirements. Because 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 can 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 revenue,

**TOWNSHIP OF RADNOR, PENNSYLVANIA
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YEAR ENDED DECEMBER 31, 2017**

Overview of the Financial Statements (continued)

Fund Financial Statements (continued)

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund, Sewer Fund, Park Improvements and Open Space Fund, Storm Water Fund, Debt Service Fund, Special Assessment Fund, and the Capital Improvement Fund which are major funds. The Township has four nonmajor governmental funds, the State Liquid Fuels Tax Fund, Commemorative Shade Tree Fund, Grant Fund, and the Recreation Fee Fund.

The Township adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided as required supplementary information for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget on pages 79 through 82.

The basic governmental funds financial statements can be found on pages 21 through 24 of this report.

Proprietary Funds - The Township maintains a proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements for business-type activities, only in more detail.

The basic proprietary funds financial statements can be found on pages 25 through 27 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The fiduciary funds of the Township are pension trust funds and agency funds. Total net position of the fiduciary funds was \$69,519,020, up from \$60,984,656 in 2016.

The basic fiduciary funds financial statements can be found on pages 28 and 29 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 30 through 70 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the General Fund and major Special Revenue Fund.

The required supplementary information can be found on pages 71 through 83 of this report.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
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YEAR ENDED DECEMBER 31, 2017**

Overview of the Financial Statements (continued)
Other Information (continued)

Other supplementary information is presented immediately following the notes to the financial statements and the required supplementary information. Other supplementary information can be found on pages 84 through 103 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 reflects the governmental activities net position of (\$14,682,578), which represents an increase of \$1,013,246 from December 31, 2016. A closer look shows that total assets increased by \$3,129,185, resulting from an increase in net capital assets. The total net position deficiency continues to be the result of the net pension liability (\$18,353,464) and the net OPEB obligation which totals (\$23,139,757). As noted, the Township has begun to fund OPEB through dedicated trust by way of an approved funding plan, which began in 2014. The specific items that reconcile the total government fund balances to the Township's governmental activities' net position can be found on page 22.

Table 1 - Township of Radnor's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 25,753,574	\$ 28,937,709	\$ 15,293	\$ 16,320	\$ 25,768,867	\$ 28,954,029
Capital Assets	64,515,398	58,202,078	79,309	81,700	64,594,707	58,283,778
Total Assets	90,268,972	87,139,787	94,602	98,020	90,363,574	87,237,807
Deferred Outflows of Resources	7,380,415	6,229,788	-	-	7,380,415	6,229,788
Noncurrent Liabilities	104,723,038	106,468,024	-	-	104,723,038	106,468,024
Other Liabilities	4,284,379	2,597,375	-	16,640	4,284,379	2,614,015
Total Liabilities	109,007,417	109,065,399	-	16,640	109,007,417	109,082,039
Deferred Inflows of Resources	3,324,548	-	-	-	3,324,548	-
Net Position:						
Net Investment in Capital Assets	7,590,283	6,590,900	79,309	81,700	7,669,592	6,672,600
Restricted	847,611	662,321	-	-	847,611	662,321
Unrestricted (Deficit)	(23,120,472)	(22,949,045)	15,293	(320)	(23,105,179)	(22,949,365)
Total Net Position	\$ (14,682,578)	\$ (15,695,824)	\$ 94,602	\$ 81,380	\$ (14,587,976)	\$ (15,614,444)

The Township's investment in capital assets (e.g., land, buildings and improvements, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding, was \$7,590,283 at the end of the year. Radnor Township uses these capital assets to provide infrastructure and facility improvements and to provide service to its citizens. Consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. As shown in Table 1, the increase in 2017 is the result of borrowing funds for library, park and trail improvements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
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Government-Wide Financial Analysis (continued)

The Township's business-type activity includes the Willows Fund, which accounts for the program activity at the mansion. Specifically, since the late 1970's the programming activity at the Willows Mansion includes the rental of the facility for special events, including weddings, birthday parties, social gatherings, school district events and other events. The total business-type activities' net position increased by \$13,222 in 2017. For the past seven years, the Board of Commissioners has evaluated several proposals to commercialize the mansion activity. During this time, the Township is maintaining the mansion in a shuttered state. Late in 2017, the Board was negotiating an agreement with the Willows Park Preserve. The agreement would allow the Willows Park Preserve to take over the operation of the mansion in a similar capacity as the Township's role from the 1970's through 2010.

Table 2 highlights the Township's revenue and expenditures for the fiscal year ended December 31, 2017. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

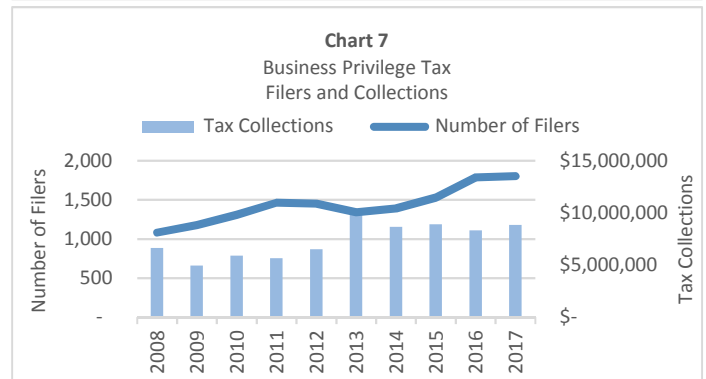
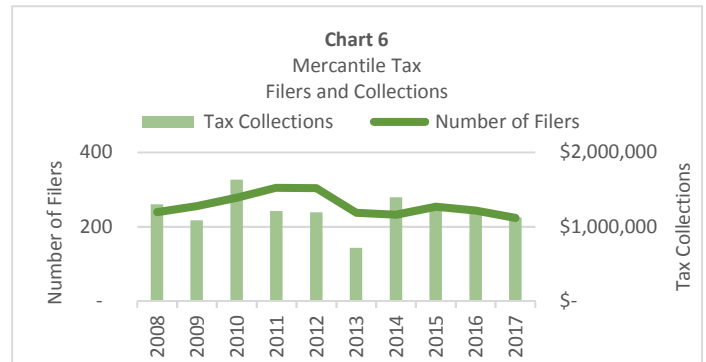
Table 2 - Township of Radnor's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 13,685,141	\$ 12,467,603	\$ -	\$ -	\$ 13,685,141	\$ 12,467,603
Operating Grants and Contributions	1,504,600	1,472,579	-	-	1,504,600	1,472,579
Capital Grants and Contributions	1,195,276	915,986	-	-	1,195,276	915,986
General Revenues:						
Real Estate Taxes	12,510,474	12,487,084	-	-	12,510,474	12,487,084
Taxes Levied Under Act 511	14,282,369	14,699,271	-	-	14,282,369	14,699,271
Investment Income	510,742	479,133	122	33	510,864	479,166
Total Revenues	43,688,602	42,521,656	122	33	43,688,724	42,521,689
Expenses:						
General Government	4,685,891	5,094,200	-	-	4,685,891	5,094,200
Protection to Persons and Property	16,072,269	16,165,836	-	-	16,072,269	16,165,836
Health and Sanitation	9,224,984	9,448,343	-	-	9,224,984	9,448,343
Highways	5,968,439	5,914,620	-	-	5,968,439	5,914,620
Library	1,436,935	896,770	-	-	1,436,935	896,770
Parks and Recreation	3,237,902	3,724,807	56,900	33,375	3,294,802	3,758,182
Interest on Long-Term Debt	1,978,936	1,978,241	-	-	1,978,936	1,978,241
Total Expenses	42,605,356	43,222,817	56,900	33,375	42,662,256	43,256,192
Changes in Net Position before Transfers	1,083,246	(701,161)	(56,778)	(33,342)	1,026,468	(734,503)
Transfers	(70,000)	(15,000)	70,000	15,000	-	-
Changes in Net Position	1,013,246	(716,161)	13,222	(18,342)	1,026,468	(734,503)
Net Position (Deficit) - Beginning	(15,695,824)	(14,979,663)	81,380	99,722	(15,614,444)	(14,879,941)
Net Position (Deficit) - Ending	\$ (14,682,578)	\$ (15,695,824)	\$ 94,602	\$ 81,380	\$ (14,587,976)	\$ (15,614,444)

**TOWNSHIP OF RADNOR, PENNSYLVANIA
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Government-Wide Financial Analysis (continued)

As shown in Table 2, the increase in net position for 2017 was primarily due to reductions in governmental expenses. Total expenses were down \$617,461, or 1.4% while total revenues were up \$1,166,946, or 2.7%. With revenues, charges for services jumped by the largest amount due to the permitting revenue noted earlier from Villanova University's large improvement project. As discussed earlier in this report, the taxes levied under Act 511 decreased by \$416,902, or 3%. Two of the major contributors to this category are the Business Privilege and Mercantile Taxes. Chart 6 shows that on mercantile (retail) activity, the number of businesses correlates closely with the activity. Readers should expect that if the number of filers decrease, so will revenue. Chart 7 shows that on all non-retail commercial activity, the number of businesses is growing yet the tax revenue has remained relatively consistent (2014-2017). Therefore, forecasting Business Privilege Taxes remains difficult. Still, revenues over the last ten years are remained strong. On the expenditure side, General Government expenditures decreased by \$408,309 or 8% due to vacant positions and since 2016 included one-time software implementation costs. Protection to Persons and Property costs decreased by \$93,567, or 1% because of vacant positions. Similarly, Health and Sanitation also decreased in 2017 due to vacant positions. Highway expenditures increased slightly because of higher engineering and capital costs in 2017. The Library cost of services increased because of the building renovation improvement project, which includes a \$5.7 million investment into the facility. Finally, Parks and Recreation expenditures decreased in 2017 due to vacant positions in Public Works as well as delays in spending down of the 2015 Series Park and Trail Improvement Bonds.



Governmental Activities

Table 3 discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount not covered by program revenue. Precisely put, net costs are costs that must be covered by local taxes, other general revenue, or transfers.

Table 3 - Governmental Activities

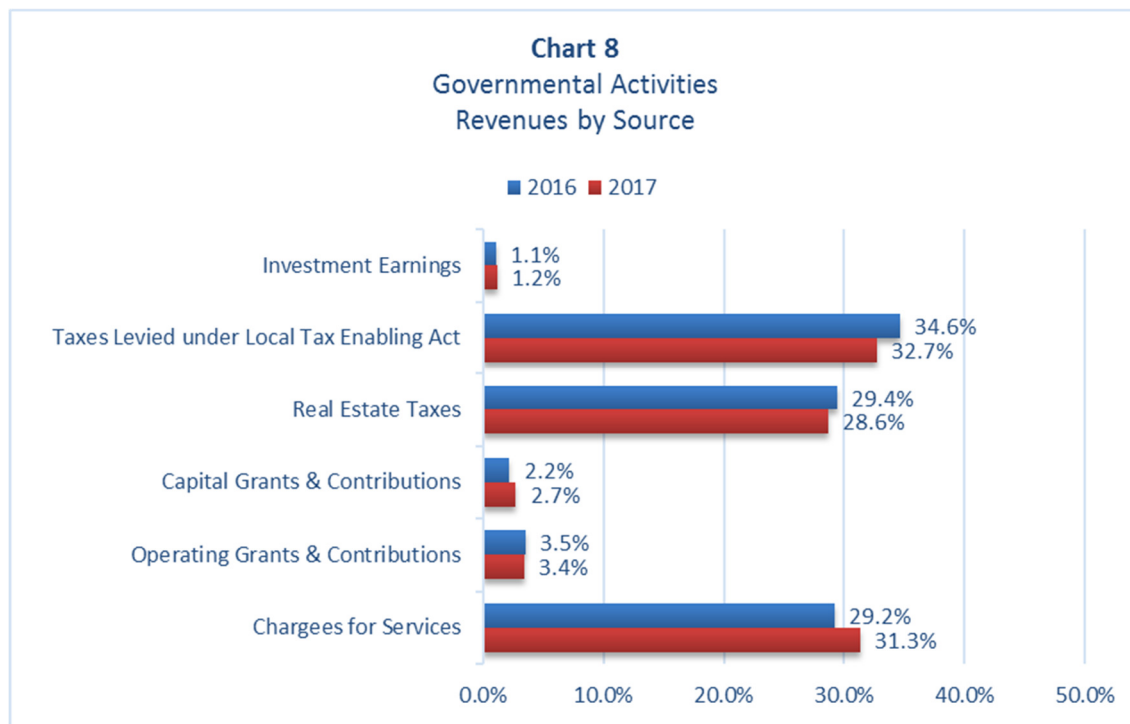
Programs	Total Cost of Services		Total Net Cost	
	2017	2016	2017	2016
General Government	\$ 4,685,891	\$ 5,094,200	\$ (2,239,001)	\$ (2,903,426)
Protection to Persons and Property	16,072,269	16,165,836	(10,951,427)	(11,627,358)
Health and Sanitation	9,224,984	9,448,343	(2,884,551)	(3,322,872)
Highways	5,968,439	5,914,620	(4,999,941)	(4,941,000)
Library	1,436,935	896,770	(603,602)	(896,770)
Parks and Recreation	3,237,902	3,724,807	(2,562,881)	(2,696,982)
Interest on Long-Term Debt	1,978,936	1,978,241	(1,978,936)	(1,978,241)
Total	\$ 42,605,356	\$ 43,222,817	\$ (26,220,339)	\$ (28,366,649)

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Governmental Activities (continued)

As expected, due to the reductions in personnel costs realized from vacant positions in almost all areas of operations, and increases in charges for service revenue the total net cost dropped by \$2,146,310 in 2017. Net cost of services decreased from 66% in 2016 to 62% of total cost of services in 2017. These percentages reflect that for every dollar spent to provide service, \$0.62 of that dollar comes from taxes, both Real Estate and those levied under Act 511, or other general revenue sources. This percentage has not fluctuated significantly over the past four years, indicating the Township's reliance on taxes. The Township is willing to accept this reliance given the nature of the taxes levied under Act 511, which impact the Radnor businesses. Not wanting to further burden the business sector, the Township has not pursued increases in fees which would improve the ratio of net cost to total cost. At the same time, the Township has mitigated the risk of its reliance on tax revenue by increasing fund balance requirements in the General Fund.

Chart 8 below shows the percentage of the total governmental activities revenue allocated by each revenue type.



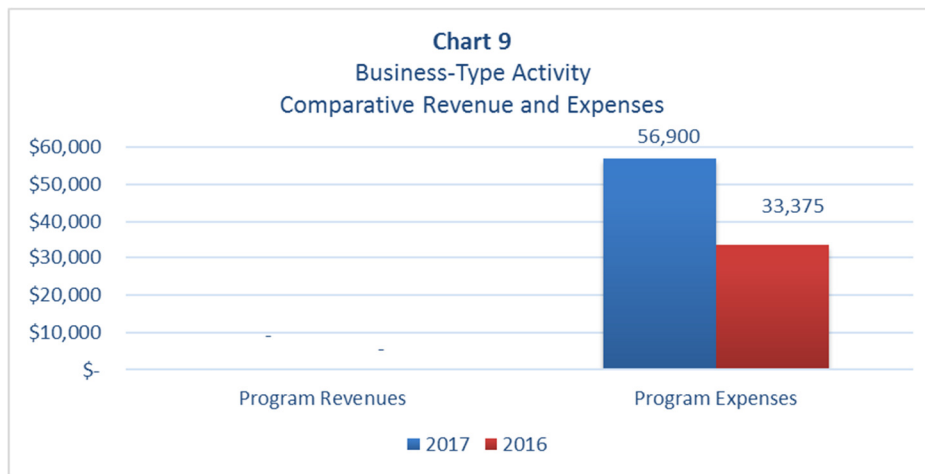
Business-Type Activities

As noted earlier, the Township's business-type activity includes the Willows Mansion programming. Total business-type activities' program expense for the fiscal year was \$56,900. No business-type revenue was generated again in 2017 as the Township is in the process of out-sourcing the programming activity to a private proprietor. This is the fourth year of the outsourcing process in which no revenue was generated. The graph below shows a comparison between the business-type activity expenditures and program revenue.

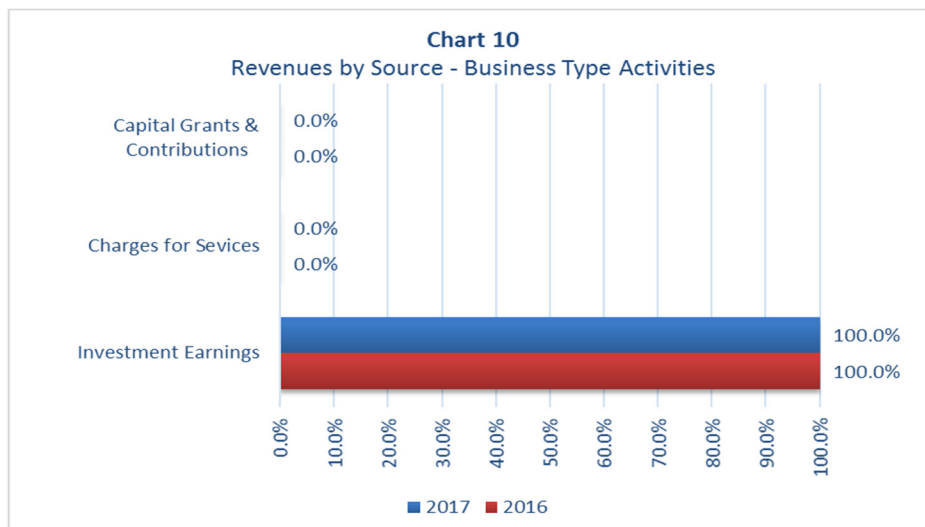
**TOWNSHIP OF RADNOR, PENNSYLVANIA
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Business-Type Activities (continued)

Despite not generating any programming revenue, business-type activities showed an increase in net position of \$13,222. As noted earlier, the increase in the net position was the result of General Fund transfers needed to cover the program expenses. To address the long-term sustainability of the mansion, the Township has been evaluating out-sourcing the programming. The business plan reevaluation was the result of sluggish financial performance dating back to 2001 along with mounting capital and maintenance costs needed to bring the mansion to a serviceable level. To resolve the financial issue, the Township has solicited proposals several times with the following goals: (1) Keep the mansion primarily and predominately a public building, (2) Reduction of the Township's responsibility for future maintenance and capital improvements, and (3) Reduction of Township resources for the programming at the mansion. Late in 2017, the Board of Commissioners were negotiating with the Willows Park Preserve, a local non-profit organization formed solely to save the mansion and restore programming activity. In June 2018, an agreement was approved which includes significant investment from both private donations and Township funds to restore the mansion followed by shifting operating activities to the Willows Park Preserve once the improvements are complete.



The graph below shows the breakdown of revenue by source for the business-type activities:



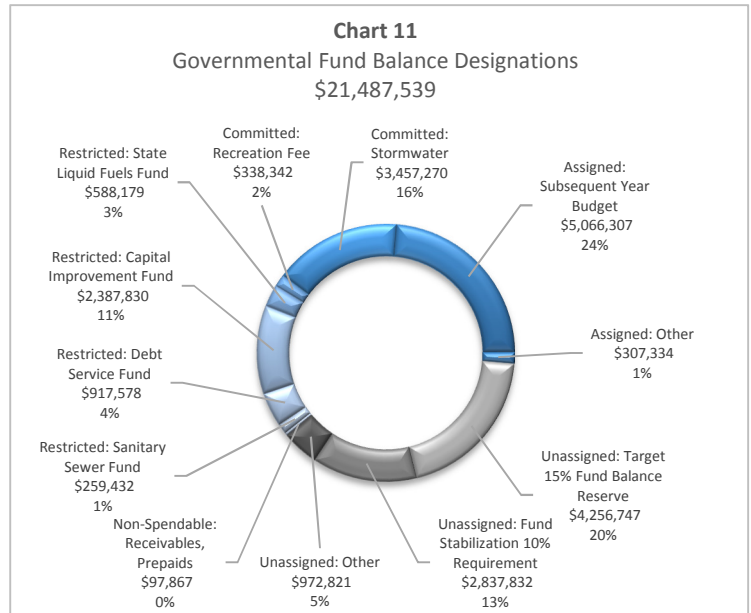
**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2017, the governmental funds reported combined ending fund balances of \$21,487,539, a decrease of \$4,911,866 from the prior year, as the Township spends down capital improvement funds on various software, park, trail and library building improvements. Approximately 38% of this total amount or \$8,067,400 constitutes unassigned fund balance, which includes \$7,094,579 to comply with the General Fund's target fund balance policy of 15% and fund stabilization requirement of 10% of general fund expenditures. The remaining unassigned balance of \$972,821 resides within the various governmental funds. The next allocation of fund balance totals \$5,373,641 and is assigned for encumbered activity in 2017 carried forward into 2018, which is made up mostly of the capital improvement projects in the park, trails, and library. The next allocation of fund balance is restricted by constitutional provisions, enabling legislation, or constraints imposed by external factors which totaled \$4,153,019 and includes fund balances in the Sanitary Sewer Fund (\$259,432), Debt Service Fund (\$917,578), Capital Improvement Fund (\$2,387,830), and State Liquid Fuels Fund (\$588,179). The next allocation of fund balance totaled \$3,795,612 and is committed by the Board of Commissioners through ordinances or resolutions and includes balances for recreation or park impact fee purposes (\$338,342) and storm water purposes (\$3,457,270). The remainder of the fund balance is \$97,867 and is non-spendable to pay for future legal or contractual obligations which include prepaid items.



The General Fund is the chief operating fund of the Township. It includes all the operational departments of the Township including Police, Fire contributions, Community Development, Public Works, Park Maintenance, Recreational Programming, Community Organization contributions, General Government activity and others. At the end of fiscal year 2017, the unassigned fund balance of the General Fund was \$9,352,993, which is up from 2016 by \$424,186. As a measure of the General Fund's liquidity and to protect the Township from unexpected swings in revenue, the Board of Commissioners recognized the importance of a healthy unassigned fund balance and established a fund balance policy that sets the unassigned fund balance at 15% of expenditures, plus an additional 10% to stabilize the fund balance as mitigation against sudden fluctuations in business taxes from year to year. The additional 10% is only required when business taxes exceed 30% of total revenue, which was the case in 2017.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
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Financial Analysis of the Government's Funds (continued)
Governmental Funds (continued)

In total, General Fund revenue increased from 2016 amounts by \$266,104 or 1%. Within the revenue types, there were mixed results. Real estate taxes were consistent from prior years, which is usually the case due to Radnor's strong real estate market and collections. As noted earlier in this report, taxes levied under the Local Tax Enabling Act decreased by \$462,924, or 3%, while departmental earnings decreased by \$253,387, or 14% because of sluggish police and parking enforcement activity. Conversely, license and permitting revenues jumped by \$1,192,679, or 35% due to strong development activity led by Villanova University's dormitory expansion project.

General Fund expenditures decreased by \$1,907,030 or 6%. The reason for the decrease included across the board savings due to vacant positions and personnel reductions, as well as cost savings in employee benefit expenses due to a major shift in the medical program. Some of those savings were distributed to the Sewer Fund through transfers, which is why the transfer out amount increased by \$1,155,881, or 22%.

The Sewer Fund had a total fund balance of \$654,653 at December 31, 2017, a decrease of \$57,266, or 8% from the prior year. The fund balance is made of non-spendable, restricted and assigned allocations totaling \$4,498, \$259,432, and \$390,723, respectively. The activity in this fund is limited to the administration of the Township's sanitary sewer system. The continued decrease in fund balance is the result of the combination of a flat sewer rent rate for the fifth straight year as well as lower than expected water consumption levels, which is the basis of the sewer rent fee. Then, several major sewer failures required unplanned and significant replacement costs, requiring the General Fund to transfer \$1,750,000 to balance the activity. The Board of Commissioners committed to repaying the transferred amounts in 2018 and increased the sewer rent by 10% in 2018 in an effort to stabilize the fund balance.

The Debt Service Fund had a total fund balance of \$917,578 which is a decrease of \$77,042, or 8%. The decrease is the result of a reduction in the debt repayment loan receivable. The fund balance is restricted for the sole purpose of paying debt service and related expenditures.

The Special Assessment Fund, which accounts for special assessment funded projects to construct various sanitary sewer projects, ended 2017 with a fund balance of \$164,881. With no new projects since 2010, the activity in the fund is limited to the collection of past assessments, which are then used to pay down on the bonds issued to construct the projects. Currently, there are six assessment projects outstanding, with receivables totaling \$253,471.

The Park Improvements and Open Space Fund, which accounts for the 25% allocation of the Real Estate Transfer tax dedicated to the acquisition of open space and improvements to the Township's parks, ended 2017 with a negative fund balance of \$325,809. That balance will be covered by General Fund transfers in 2018. Current activity in this fund is the annual debt service on the (voted) 2015 Series Bonds which refunded the originally issued 1996 and 2002 voted open space bonds as well as the (voted) 2014 Series Bonds issued for the acquisition of the 71 acres of open space at the Ardrossan estate in December 2014. The real estate transfer revenues increased by \$46,022, or 6%. The planned voted millage has not been enacted by the Board of Commissioners. Instead, given the strong fund balance in the General Fund, the Board has elected to fund the shortfall in this fund with future General Fund transfers.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Financial Analysis of the Government's Funds (continued)
Governmental Funds (continued)

The Storm Water Management Fund was established in 2012 to account for the Township's ongoing storm water management and regulatory requirements. 2017 marked the fourth year that the Township billed for storm water management. The Storm Water Fund ended 2017 with a committed fund balance of \$3,457,270 and \$101,942 for encumbrances carried forward for unfinished projects at year end. The reason for the significant fund balance is due to the Township still evaluating how best to invest these dollars into improved flood mitigation, federal clean water standards, and other smaller projects.

The Capital Improvement Fund had a fund balance of \$5,025,423, as of December 31, 2017, a decrease of \$5,247,774, or 52% from 2016. The decrease is the result of planned spend-down of bond proceeds from the Series 2015 and Series 2016 General Obligation Bonds borrowed to fund park improvements, library building improvements, and trail improvements. The table below reflects the sources and uses anticipated for the three improvement projects:

Sources	
Bond Proceeds	\$8,250,000
General Fund Transfers	2,444,180
Radnor Memorial Library Contributions	2,500,000
Park Impact Fee Contributions	174,408
Grant Contributions	2,229,000
Total Sources	\$15,597,588
Uses	
Park Improvements	6,145,688
Trail Improvements	2,300,000
Library Improvement	7,151,900
Total Uses	\$15,597,588

Proprietary Funds - The Township's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of this fund has already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Information

Consistent with the government-wide and governmental fund activity results noted earlier, the Schedule of Revenue, Expenditures and Changes in Fund Balance for the General Fund (Budgetary Basis) (page 79) shows that revenue from license and permitting activity did much better than originally anticipated. That was the primary reason for the positive revenue budgetary variance of \$276,445. Actual General Fund expenditures of \$28,083,752 came in under the final appropriation budget of \$30,606,964. The positive variance was due to savings realized from vacant positions in almost all areas of operations, as well as reduced medical coverage premium costs. As noted earlier, most of the positive variance was needed due to unbudgeted transfers from the General Fund to the Sewer Fund, which is why a negative variance of \$2,213,391 resulted under the Other Financing Uses portion of the statement.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Capital Asset and Debt Administration

Capital Assets - The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$64,594,707 (net of accumulated depreciation). Capital assets increased by \$6,313,320, or 11% for governmental activities and decreased by \$2,391, or 3% for business-type activities. This was due to the lack of any capital improvements to the facility, which was planned as part of the reevaluation of the Township's role in the renting of the Willows Mansion.

Table 4 - Capital Assets

Programs	Governmental Activities		Business Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 24,149,624	\$ 24,149,624	\$ -	\$ -	\$ 24,149,624	\$ 24,149,624
Land Improvements	5,445,772	3,006,268	-	-	5,445,772	3,006,268
Building and Improvement:	27,063,801	23,086,764	460,882	460,882	27,524,683	23,547,646
Machinery and Equipment	18,475,851	17,530,835	-	-	18,475,851	17,530,835
Infrastructure	23,917,987	22,108,322	-	-	23,917,987	22,108,322
Construction in Progress	316,739	316,739	-	-	316,739	316,739
Accumulated Depreciation	<u>(34,854,376)</u>	<u>(31,996,474)</u>	<u>(381,573)</u>	<u>(379,182)</u>	<u>(35,235,949)</u>	<u>(32,375,656)</u>
Total	<u>\$ 64,515,398</u>	<u>\$ 58,202,078</u>	<u>\$ 79,309</u>	<u>\$ 81,700</u>	<u>\$ 64,594,707</u>	<u>\$ 58,283,778</u>

Major capital asset investments during fiscal year 2017 included land improvements (+81%), building improvements (+17%), machinery and equipment (+5%), and infrastructure improvements (+8%). More specifically the land improvements represent park improvements completed in 2017, including Clem Macrone Park. Building improvements increased because of the library expansion project. Infrastructure investments included road resurfacing projects, emergency sanitation sewer projects, traffic calming projects, and traffic signal improvement projects. Machinery and equipment additions included department vehicle replacements for Police, Public Works, Sewer and Community Development departments.

Additional information on the Township's capital assets can be found in Note 4 of this report.

Debt - As of December 31, 2017, the Township had outstanding general obligation bonds totaling \$56,825,000. This is down from \$59,635,000 on December 31, 2016. In the current year, the Township paid \$2,810,000 in principal and \$1,926,058 in interest on outstanding debt. Additional information about the Township's long-term debt can be found in Note 7 to the financial statements.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Maturity
	2017	2016	2017	2016	
General Obligation Bonds	<u>\$ 56,825,000</u>	<u>\$ 59,635,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2018, 2026, 2034, 2035, 2037, and 2043</u>

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

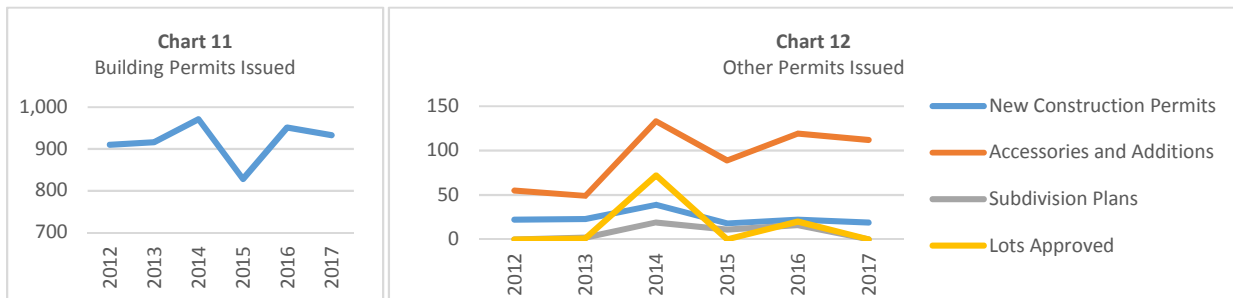
Economic Factors and Major Initiatives

The following represent some of the significant items identified by Township management for 2017:

The Radnor Township economy continues its strong performance with a mix of growing businesses complemented with a solid foundation of real estate values. As touched on throughout this report, and despite the decreases in 2017, there are several positive indicators of economic health in Radnor Township, each of which highlights different aspects of the economy:

- Business Privilege Tax, levied on the gross receipts of commercial business activity has grown by 22% since 2012 from \$7,262,512 to \$8,827,796 in 2017 and the number of businesses filing has increased by 24% over the same time.
- Real Estate Transfer Tax, levied as a fixed percent of the value of every real estate sale transaction has grown by 32% since 2012 from \$2,480,143 to \$3,282,548 in 2017. Further, transactional analysis shows that these revenue increases are the result of increased values and increased transactions.
- Local Services Tax, paid as a fixed amount by each employee working in Radnor Township has grown steadily since 2012 from \$702,954 to \$1,033,643 in 2017.
- Business and residents are investing in Radnor as evidenced by the growing permitting activity in the Township, both in the number of transactions and the size of the improvements. As a result, permitting revenue increased by 65% since 2012 from \$2,812,427 to \$4,629,018 in 2017.

Other permitting and plan data that could serve as indicators of the Radnor economy include the following:



The Township also continues to focus on the long-term financial health of the Township. With the assistance of the volunteer efforts of the Citizens' Audit Review and Financial Advisory Committee (CARFAC), the Township continues to make strides towards addressing the various long-term obligations and other major initiatives including:

- Other Post-Employment Benefit Obligations: The Township has a better understanding of the breadth and gravity of these liabilities, thanks largely to the special report that CARFAC prepared for the Board of Commissioners in December 2012 and the work we continue to complete to this day. In three years of the funding plan, trust assets have grown from the initial investment of \$3,500,000 to \$7,510,446. In 2013, the Township developed and implemented a long-term OPEB funding plan and included the first installment paid in 2014. The funding plan includes funding OPEB at \$2,200,000 in 2014 and ramping up annual funding by \$200,000 per year until annual funding reaches \$4,050,000 per year. Complemented with changes to the collective bargaining agreements whereby future benefits are reduced or eliminated for new hires, this plan achieves full funding in 2059. The plan achieved the Board's directive to develop a long-term plan that has additional funding from the Township as well as reduced benefits on the employee side.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

- **Fund Balance Policy Improvements:** As touched on in this report, the Township has adopted a more robust fund balance policy that built in higher reserve requirements to help mitigate against sudden decreases in the business taxes. This portion of the policy was in reaction to the fiscal impact caused by the sharp decline in business taxes in 2008. Further, to assist in addressing long-term liability and capital funding needs, the fund balance policy requires the Board to direct excess fund balances to pension, OPEB and/or capital programs. Since the adoption of the policy, the Board of Commissioners have allocated significant amounts of funds to address all three of those initiatives.

- **Five-Year Forecasting:** The Township continues to incorporate a five-year forecast into its annual Budget process. 2017 marks the sixth year for the forecast, which has already assisted in the development of the OPEB funding plan, presented pension funding options, provided an analysis for the purchase of open space at Ardrossan, and helped develop the five-year funding needed for the capital plan.

In addition to these initiatives, the Board of Commissioners and Township Management strive to continue to provide the stakeholders of Radnor Township with the very best municipal services at the most cost effective rate manageable, and to continue to support the development of the local economy to improve the overall business activity of the Township.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the Township's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact Robert Zienkowski, Township Manager or William M. White, Assistant Township Manager and Director of Finance at:

Radnor Township
301 Iven Ave.
Wayne, Pennsylvania 19087-5297
610.688.5600
www.radnor.com

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TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 13,064,344	\$ 10,685	\$ 13,075,029
Investments	9,919,283	-	9,919,283
Receivables			
Real Estate Taxes, Net	229,179	-	229,179
Local Enabling Taxes	285,591	-	285,591
Sewer Rents and Stormwater Fees	396,599	-	396,599
Special Assessments	253,471	-	253,471
Other	677,240	-	677,240
Loans Receivable (Due Within One Year)	77,300	-	77,300
Prepaid Items	97,867	4,608	102,475
Loans Receivable (Due Beyond One Year)	752,700	-	752,700
Capital Assets			
Land and Construction in Progress	24,466,363	-	24,466,363
Other Capital Assets, Net of Depreciation	40,049,035	79,309	40,128,344
Total Capital Assets	<u>64,515,398</u>	<u>79,309</u>	<u>64,594,707</u>
Total Assets	<u>90,268,972</u>	<u>94,602</u>	<u>90,363,574</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	2,168,239	-	2,168,239
Pensions	5,212,176	-	5,212,176
Total Deferred Outflows of Resources	<u>7,380,415</u>	<u>-</u>	<u>7,380,415</u>
Liabilities			
Accounts Payable and Accrued Liabilities	2,133,742	-	2,133,742
Accrued Interest Payable	437,191	-	437,191
Unearned Revenue	1,713,446	-	1,713,446
Noncurrent Liabilities:			
Due Within One Year	4,645,597	-	4,645,597
Due in More than One Year	58,584,220	-	58,584,220
Net Pension Liability	18,353,464	-	18,353,464
Other Postemployment Benefits	23,139,757	-	23,139,757
Total Liabilities	<u>109,007,417</u>	<u>-</u>	<u>109,007,417</u>
Deferred Inflows of Resources			
Pensions	3,324,548	-	3,324,548
Total Deferred Inflows of Resources	<u>3,324,548</u>	<u>-</u>	<u>3,324,548</u>
Net Position			
Net Investment in Capital Assets	7,590,283	79,309	7,669,592
Restricted:			
Sewer Operations	259,432	-	259,432
Highways	588,179	-	588,179
Unrestricted (Deficit)	(23,120,472)	15,293	(23,105,179)
Total Net Position (Deficit)	<u>\$ (14,682,578)</u>	<u>\$ 94,602</u>	<u>\$ (14,587,976)</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,685,891	\$ 1,349,278	\$ 1,097,612	\$ -	\$ (2,239,001)	\$ -	\$ (2,239,001)
Protection to Persons and Property	16,072,269	4,797,268	323,574	-	(10,951,427)	-	(10,951,427)
Health and Sanitation	9,224,984	6,340,433	-	-	(2,884,551)	-	(2,884,551)
Highways	5,968,439	32,184	83,414	852,900	(4,999,941)	-	(4,999,941)
Library	1,436,935	500,000	-	333,333	(603,602)	-	(603,602)
Parks and Recreation	3,237,902	665,978	-	9,043	(2,562,881)	-	(2,562,881)
Interest on Long-Term Debt	1,978,936	-	-	-	(1,978,936)	-	(1,978,936)
Total Governmental Activities	42,605,356	13,685,141	1,504,600	1,195,276	(26,220,339)	-	(26,220,339)
Business-Type Activities:							
Willows Fund	56,900	-	-	-	-	(56,900)	(56,900)
Total Business-Type Activities	56,900	-	-	-	-	(56,900)	(56,900)
Total Primary Government	\$ 42,662,256	\$ 13,685,141	\$ 1,504,600	\$ 1,195,276	(26,220,339)	(56,900)	(26,277,239)
General revenues:							
Taxes:							
Real Estate					12,510,474	-	12,510,474
Taxes Levied under Local Tax Enabling Act:							
Real Estate Transfer					3,282,548	-	3,282,548
Mercantile					1,126,429	-	1,126,429
Business Privilege					8,827,796	-	8,827,796
Emergency and Municipal Services					1,033,643	-	1,033,643
Amusement					11,953	-	11,953
Investment Income					510,742	122	510,864
Transfers In/(Out)					(70,000)	70,000	-
Total general revenues					27,233,585	70,122	27,303,707
Change in Net Position					1,013,246	13,222	1,026,468
Net Position (Deficit), Beginning of Year					(15,695,824)	81,380	(15,614,444)
Net Position (Deficit), Ending					\$ (14,682,578)	\$ 94,602	\$ (14,587,976)

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Major Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Sewer	Park Improvements and Open Space	Storm Water	Debt Service	Special Assessment	Capital Improvement		
Assets									
Cash and Cash Equivalents	\$ 3,824,301	\$ 287,633	\$ 216,241	\$ 1,234,076	\$ 87,578	\$ 162,050	\$ 5,817,394	\$ 1,435,071	\$ 13,064,344
Investments	6,996,059	501,224	-	2,324,000	-	-	98,000	-	9,919,283
Receivables, Net:									
Real Estate Taxes	229,179	-	-	-	-	-	-	-	229,179
Local Enabling Taxes	285,591	-	-	-	-	-	-	-	285,591
Sewer Rents and Stormwater Fees	-	331,797	-	64,802	-	-	-	-	396,599
Special Assessments	-	-	-	-	-	253,471	-	-	253,471
Other	565,547	-	62,950	6,104	-	-	42,639	-	677,240
Prepaid Items	93,369	4,498	-	-	-	-	-	-	97,867
Due from Other Funds	605,000	-	-	-	-	-	22,400	-	627,400
Loans Receivable	-	-	-	-	830,000	-	-	-	830,000
Total Assets	\$ 12,599,046	\$ 1,125,152	\$ 279,191	\$ 3,628,982	\$ 917,578	\$ 415,521	\$ 5,980,433	\$ 1,435,071	\$ 26,380,974
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts Payable and Accrued Liabilities	\$ 813,572	\$ 184,291	\$ -	\$ 7,445	\$ -	\$ -	\$ 788,862	\$ 339,572	\$ 2,133,742
Due to Other Funds	-	-	605,000	-	-	-	-	22,400	627,400
Unearned Revenues	1,198,765	286,208	-	62,325	-	-	166,148	-	1,713,446
Total Liabilities	2,012,337	470,499	605,000	69,770	-	-	955,010	361,972	4,474,588
Deferred Inflows of Resources									
Unavailable Revenues	168,207	-	-	-	-	250,640	-	-	418,847
Total Deferred Inflows of Resources	168,207	-	-	-	-	250,640	-	-	418,847
Fund Balance									
Non-Spendable	93,369	4,498	-	-	-	-	-	-	97,867
Restricted for:									
Sewer	-	259,432	-	-	-	-	-	-	259,432
Debt Service	-	-	-	-	917,578	-	-	-	917,578
Capital Improvement	-	-	-	-	-	-	2,387,830	-	2,387,830
State Liquid Fuels Tax	-	-	-	-	-	-	-	588,179	588,179
Committed									
Recreation Fee	-	-	-	-	-	-	-	338,342	338,342
Storm Water	-	-	-	3,457,270	-	-	-	-	3,457,270
Operational Efficiency Projects	-	-	-	-	-	-	-	-	-
Assigned									
Subsequent Year Budget	972,140	390,723	-	101,942	-	-	2,637,593	963,909	5,066,307
Other	-	-	-	-	-	164,881	-	142,453	307,334
Unassigned									
Target 15% Fund Balance Reserve	4,256,747	-	-	-	-	-	-	-	4,256,747
Fund Balance Stabilization 10% Requirement	2,837,832	-	-	-	-	-	-	-	2,837,832
Other	2,258,414	-	(325,809)	-	-	-	-	(959,784)	972,821
Total Fund Balances	10,418,502	654,653	(325,809)	3,559,212	917,578	164,881	5,025,423	1,073,099	21,487,539
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,599,046	\$ 1,125,152	\$ 279,191	\$ 3,628,982	\$ 917,578	\$ 415,521	\$ 5,980,433	\$ 1,435,071	\$ 26,380,974

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

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

Total Governmental Fund Balances	\$	21,487,539
----------------------------------	----	------------

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds:

Capital Assets		99,369,774
Accumulated Depreciation		(34,854,376)
		64,515,398

Other Long-Term Receivables are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.

418,847

Deferred Charge on Refunding is Recorded as an expenditure in the Fund Statements but Recorded as a Deferred Outflow and Amortized in the Statement of Net Position

2,168,239

Certain Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Funds:

Compensated Absences		(3,916,872)
Capital Lease		(1,545,605)
Deferred Outflows of Resources		5,212,176
Deferred Inflows of Resources		(3,324,548)
Net OPEB Obligation		(23,139,757)
Net Pension Liability		(18,353,464)
Accrued Interest Payable		(437,191)
General Obligation Bonds Payable		(57,767,340)
		(103,272,601)

Net Position of Governmental Activities

\$ (14,682,578)

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	Major Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Sewer	Park Improvements and Open Space	Storm Water	Debt Service	Special Assessment	Capital Improvement		
Revenues:									
Real Estate Taxes	\$ 12,474,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,474,658
Taxes Levied under Local Tax Enabling Act:									
Real Estate Transfer	2,461,911	-	820,637	-	-	-	-	-	3,282,548
Mercantile	1,126,429	-	-	-	-	-	-	-	1,126,429
Business Privilege	8,827,796	-	-	-	-	-	-	-	8,827,796
Local Services	1,033,643	-	-	-	-	-	-	-	1,033,643
Amusement	11,953	-	-	-	-	-	-	-	11,953
Licenses and Permits	4,629,018	-	-	-	-	-	-	-	4,629,018
Fines, Forfeits and Costs	468,159	-	-	-	-	-	-	850	469,009
Interest and Rents	333,075	13,937	1,880	41,497	33,478	3,250	76,136	7,489	510,742
Grants and Gifts	1,513,246	-	-	-	-	-	1,052,753	876,943	3,442,942
Departmental Earnings	1,495,302	4,981,590	-	1,081,056	-	7,942	-	-	7,565,890
Refunds and Miscellaneous	212,257	29,964	-	20,336	-	-	18,432	-	280,989
Total Revenues	34,587,447	5,025,491	822,517	1,142,889	33,478	11,192	1,147,321	885,282	43,655,617
Expenditures:									
Current									
General Government	3,093,811	-	-	-	-	-	308,966	-	3,402,777
Protection to Persons and Property	10,893,110	-	-	-	-	-	175,902	-	11,069,012
Health and Sanitation	2,872,274	4,906,280	-	226,192	-	-	514	-	8,005,260
Highways	3,888,052	-	-	-	-	-	310,776	343,477	4,542,305
Library	882,737	-	-	-	-	-	554,198	-	1,436,935
Parks and Recreation	2,513,090	-	-	-	-	-	-	36,670	2,549,760
Miscellaneous									
Employee Benefits	2,610,257	-	-	-	-	-	-	-	2,610,257
OPEB Trust Contributions	859,209	-	-	-	-	-	-	-	859,209
Insurance	354,011	-	-	-	-	-	-	-	354,011
Other	272,315	-	-	-	-	-	-	-	272,315
Capital Outlay	139,449	1,582,121	-	68,675	-	-	7,354,114	26,863	9,171,222
Debt Service									
Principal Retirement	-	-	-	-	2,810,000	-	-	-	2,810,000
Interest	-	-	-	-	1,926,058	-	-	-	1,926,058
Total Expenditures	28,378,315	6,488,401	-	294,867	4,736,058	-	8,704,470	407,010	49,009,121
Excess of Revenues over (under) Expenditures	6,209,132	(1,462,910)	822,517	848,022	(4,702,580)	11,192	(7,557,149)	478,272	(5,353,504)
Other Financing Sources (Uses):									
Capital Lease Acquisition	-	-	-	-	-	-	511,638	-	511,638
Transfers In	-	1,750,000	-	-	4,625,538	-	1,617,736	-	7,993,274
Transfers Out	(6,428,881)	(344,356)	(1,244,498)	-	-	(45,539)	-	-	(8,063,274)
Total Other Financing Sources (Uses)	(6,428,881)	1,405,644	(1,244,498)	-	4,625,538	(45,539)	2,129,374	-	441,638
Net Changes in Fund Balances	(219,749)	(57,266)	(421,981)	848,022	(77,042)	(34,347)	(5,427,775)	478,272	(4,911,866)
Fund Balances - Beginning (as restated)	10,638,251	711,919	96,172	2,711,190	994,620	199,228	10,453,198	594,827	26,399,405
Fund Balances - Ending	\$ 10,418,502	\$ 654,653	\$ (325,809)	\$ 3,559,212	\$ 917,578	\$ 164,881	\$ 5,025,423	\$ 1,073,099	\$ 21,487,539

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Net changes in fund balances - total governmental funds	<u>\$ (4,911,866)</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of the Assets is allocated over their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Capital Outlay exceeds Depreciation Exceeds in the Current Period:	
Capital Outlay	9,171,222
Depreciation Expense	(2,857,902)
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.	
	32,985
The Issuance of Long-Term Debt Provides Current Financial Resources to Governmental Funds, while the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds. Neither Transaction, However, has any Effect of Net Position. This amount is the Proceeds of Issuance exceeding Principal Repayments.	
	2,810,000
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and, Therefore, are not Reported as Expenditures in Governmental Funds:	
Change in Accrued Interest Expense	7,742
Change in Deferred Charge on Refunding	(141,184)
Change in Compensated Absences:	
General Government	(58,253)
Protection to Persons and Property	(554,666)
Health and Sanitation	(37,322)
Highways	32,684
Parks and Recreation	(2,546)
	<u>(620,103)</u>
Change in OPEB Obligation:	
General Government	(332,478)
Protection to Persons and Property	(1,403,677)
Health and Sanitation	(459,314)
Highways	(303,804)
Parks and Recreation	(323,489)
	<u>(2,822,762)</u>
Change in Pension Benefit Expense:	
General Government	100,189
Protection to Persons and Property	(23,945)
Health and Sanitation	138,410
Highways	91,549
Parks and Recreation	97,481
	<u>403,684</u>
Change in Capital Lease Obligation:	(139,134)
Premiums/Discounts Incurred in Relation to the Bond Issuance and Refunding are Added to/Subtracted from the General Obligation Debt in the Statement of Net Position and Amortized over the Life of the Bonds. This is the Amount by which the Net Premiums/Discounts Exceeded the Amortization for the Current Period.	
	<u>80,564</u>
Change in net position of governmental activities	<u><u>\$ 1,013,246</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
DECEMBER 31, 2017

	Business-Type Activities
	Willows
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 10,685
Prepaid Expenses	4,608
Total Current Assets	15,293
Noncurrent Assets	
Capital Assets	
Buildings and Improvements	460,882
Less Accumulated Depreciation	(381,573)
Total Noncurrent Assets	79,309
Total Assets	94,602
Net Position	
Investment in Capital Assets	79,309
Unrestricted	15,293
Total Net Position	\$ 94,602

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities
	Willows
Operating Revenues	
Charges for Service	\$ -
Total Operating Revenues	-
Operating Expenses	
Operations	54,509
Depreciation	2,391
Total Operating Expenses	56,900
Operating Loss	(56,900)
Nonoperating Revenues	
Investment Income	122
Total Nonoperating Revenues	122
Transfer In	70,000
Change in Net Position	13,222
Net Position - Beginning of Year	81,380
Net Position - End of Year	\$ 94,602

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities
	Willows
Cash Flows from Operating Activities	
Payments to Suppliers	\$ (72,021)
Net Cash Used in Operating Activities	(72,021)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Fund	70,000
Net Cash Provided by Capital Financing Activities	70,000
Cash Flows from Investing Activities	
Interest Received	122
Net Cash Provided by Investing Activities	122
Increase (Decrease) in Cash and Cash Equivalents	(1,899)
Cash and Cash Equivalents - Beginning of Year	12,584
Cash and Cash Equivalents - End of Year	\$ 10,685
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (56,900)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	2,391
Change in Assets and Liabilities	
Prepaid Expenses	(872)
Accounts Payable	(16,640)
Net Cash Used in Operating Activities	\$ (72,021)

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2017

	Trust Funds	Agency
Assets:		
Cash and cash equivalents	\$ 4,200,302	\$ 2,367,830
Investments:		
Equity Mutual Funds	28,303,974	-
Fixed Income Mutual Funds	25,073,849	-
International Mutual Funds	9,938,832	-
Certificates of Deposit	428,000	-
U.S. Government and Agency Securities	200,000	-
Life Insurance Cash Surrender Value	1,398,516	-
Receivables:		
Accrued Interest	24,942	-
Total assets	69,568,415	\$ 2,367,830
Liabilities:		
Accounts Payable	22,207	\$ -
Refunds Payable	27,188	-
Deposits Payable	-	2,367,830
Total Liabilities	49,395	\$ 2,367,830
Net position:		
Net Position Restricted for Pensions	62,008,574	
Assets Held in Trust for OPEB Benefits	7,510,446	
Total Net Position	\$ 69,519,020	

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Trust Funds
Additions:	
Contributions:	
Commonwealth of Pennsylvania	\$ 738,709
Employer	4,645,399
Members	421,170
Total contributions	5,805,278
Investment Earnings:	
Net Investment Income	7,227,247
Interest Earnings	1,368,356
Investment Expense	(15,329)
Net investment earnings	8,580,274
Other Additions:	
Litigation and Other	10,045
Total Other Additions	10,045
Total additions	14,395,597
Deductions:	
Benefits	5,624,887
Refund of Contributions	29,488
Administrative Expenses	206,858
Total deductions	5,861,233
Change in net position	8,534,364
Net Position Held in Trust for Benefits:	
Beginning of Year	60,984,656
End of Year	\$ 69,519,020

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Township of Radnor (the "Township") is located in Delaware County, Pennsylvania, approximately 15 miles west of the City of Philadelphia. The Township was founded in 1682. The Township is governed by a seven member Board of Commissioners (the "Commissioners" or "Board") and operates under the Radnor Township Home Rule Charter and the Radnor Township Administrative Code.

Financial Reporting Entity

In accordance with the Governmental Accounting Standards Board's (GASB's) *Codification of Governmental Accounting and Financial Reporting Standards*, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the Township is financially accountable. The Township has also considered all other potential organizations for which the nature and significance of their relationships with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the Township to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Township. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

While the Commissioners exercise some degree of control over the Radnor-Haverford-Marple Sewer Authority, the Township Commissioners do not have financial accountability for this entity and, therefore, its financial statements are not included within the Township's financial statements. However, summarized financial information for the Radnor-Haverford-Marple Sewer Authority is presented in Note 12 because the Township has an ongoing cost-sharing obligation to the Authority.

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 Township. For the most part, the effect of interfund activity has been removed from these statements. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Administrative overhead charges of the general government are included in the direct 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The Township has the following funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination.

The Township reports the following major governmental funds:

- ***General Fund*** – Accounts for all financial resources except those required to be accounted for in other funds. For external financial reporting purposes, the Township includes the Investigation Fund, \$8 Million Settlement Fund, and Police K-9 Fund in the General Fund.
- ***Sewer Special Revenue Fund*** – Established under the Township's Administrative Code, records the transactions related to the billing and collection of sanitary sewer rents and the expenditures related to the collection and treatment of waste water.
- ***Park Improvements and Open Space*** – A special revenue fund that derives revenues from 25 percent of the Township's share of the realty transfer tax to fund park development and future land acquisitions for parks and open space (i.e., 25% of the 1.5% levied by the Township on transfer of real property).
- ***Storm Water Management Fund*** – A special revenue fund that accounts for revenues and costs associated with operating, repairing and maintaining the Township owned storm water management systems.
- ***Debt Service Fund*** – Accounts for the accumulation of resources for, and payment of, debt principal and interest.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

- ***Special Assessment Fund*** – is a capital projects fund, with a legally adopted budget. The special assessment fund is used to account for financial resources to be used for installing sanitary sewers, sidewalks and curbing in the Township. This fund also accounts for the collection for special assessment taxes levied to finance public improvements or services deemed to benefit the properties assessed. Special assessment taxes are primarily used to finance the improvements.

- ***Capital Improvement Capital Projects Fund*** – Accounts for bond proceeds to be used for various capital acquisitions and improvements of the Township. For external reporting purposes, the Township includes the Library Fund and Park & Trail Improvement Fund in the Capital Improvement Capital Projects Fund.

The other governmental funds of the Township are considered nonmajor (presented in a single column) and are as follows:

- The State Liquid Fuels Tax Special Revenue Fund, as required by state law, accounts for receipts from the State Motor License Fund (gasoline tax distribution, etc.) to be used for highway related expenses and improvements and the transfer of funds to the General Fund to cover other allowable highway-related expenditures.

- The Commemorative Shade Tree Fund derives its revenues from contributions, escrows, fines and/or penalties assessed as a result of improper tree removal situations pursuant to Administrative Code Chapter 263. Any revenues collected will be a dedicated source of funds to be used for planting trees.

- The Grant Fund is used to account for the activity associated with approved grants in accordance with the grant requirements that the Township deposit the funds into segregated interest bearing accounts.

- The Recreational Fee Fund derives its revenues from fees collected from land development to insure adequate park and recreational areas and facilities to serve the future residents of the Township.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Proprietary funds are used to account for operations that are organized to be self-supporting through user charges.

- ***Enterprise Fund*** – Accounts for operations that are financed and operated in a manner similar to a private business enterprise, with the intent that the costs of providing goods and services be financed or recovered primarily through user charges. The Township maintains one enterprise fund, the Willows Fund, which accounts for the operation of the Willows mansion. The Township purchased the mansion in the 1970's along with the surrounding 47 acre park and operated it as an event center. Since 2012, the mansion has been shuttered while the Township solicits requests for proposals seeking a third party partner to restore the mansion and continue operations. As of the date of this report, the Board of Commissioners is evaluating various options. Once a decision is made, the Willows Fund will resume charging for services and operating as an enterprise again.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township as a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The funds included in this category are:

- ***Pension and OPEB Trust Funds*** – Account for Township and employee pension plan contributions and provide for the payment of retirement and other postemployment benefits.
- ***Agency Funds*** – The Township's Agency Fund includes the Escrow Fund. Agency Funds are custodial in nature and, therefore, do not report operations or have a measurement focus.

Measurement Focus and Basis of Accounting

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. Real estate taxes are recognized as revenues in the year for which they are budgeted. 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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are real estate taxes and taxes levied under the Local Tax Enabling Act. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, compensated absences, and claims and judgments, are recorded only when payment is due or matured.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

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 Township's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

The Township follows the procedures below, which comply with legal requirements of both the Commonwealth of Pennsylvania and the Township of Radnor. Pursuant to the Township's Home Rule Charter and Administrative Code:

- Balanced budgets, whereby appropriated expenditures equal authorized and levied revenues, are legally adopted on an annual basis for the General, Sewer, State Liquid Fuels Tax, Capital Improvement, Special Assessments, Storm Water, Debt Service, and the Park Improvements and Open Space Funds. Budgets for each of these Funds are prepared on the modified accrual basis of accounting. Debt service revenues, primarily real estate taxes dedicated for debt retirement, are included in the General Fund budget and debt service expenditures are included in the budget of the individual fund responsible for debt retirement.

- At least 90 days before the end of each fiscal year, the Township Manager is required to submit to the Board a minimum 3-year capital improvement plan (a five-year capital plan has been submitted since 1994).

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

- At least 60 days before the end of each fiscal year, the Township Manager is required to submit to the Board a proposed operating budget for the next fiscal year, comprising the funds listed above. The proposed budget must be accompanied by a budget message; and contain proposed revenues and expenditures for all funds subject to annual appropriation for the upcoming year, as well as estimates for the two subsequent fiscal years, given certain assumptions.
- The Board is required to adopt a preliminary operating budget and a capital improvement plan for the upcoming fiscal year at least 30 days before the end of each current fiscal year.
- After the preliminary operating budget and capital plan are adopted by the Board, at least one public hearing is required to permit public input, at least 7 days after public notice of such hearing is published in a local newspaper and at least 10 days before the end of the fiscal year.
- The Board is required to adopt a final operating budget ordinance, a tax levy ordinance, and by resolution a capital improvement plan and salary administration resolution, after the public hearing and before the end of the current fiscal year.
- A newly elected Board may, within 45 days after the start of the new fiscal year, enact revised budget and tax levy ordinances following a public hearing.
- All annual appropriations lapse at the end of each fiscal year. The Board, however, may authorize by resolution at any time supplemental appropriations for operating expenditures if the Township Manager certifies that additional revenues are available for such purposes.
- The Board may make supplemental appropriations to meet an emergency and may issue temporary notes, in accordance with the Local Government Unit Debt Act, for such purposes.
- The Board is required to reduce appropriations to avoid a deficit when the Township Manager advises that a revenue shortfall is probable.
- The Township Manager and Chief Financial Officer may transfer part or all of any unexpended appropriation balance among programs (at the object or line item level) within a given department without further approval by the Board. The Board approves by ordinance any transfer of unused appropriations from one department to another department (at the activity level). Transfers are not required for non-departmental budget line items that exceed their appropriations as long as there is no fund deficit.

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents for the purpose of reporting cash flows in proprietary funds.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Investments

Investments are stated at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The Township invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Interfund Transactions

In connection with financing its operations, the Township conducts interfund transactions. Accordingly, to the extent that certain interfund transactions have not been paid or received as of the end of the year, appropriate interfund receivables or payables have been established. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are balances between the governmental activities and the business-type activities (internal balances). Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Allowance for Uncollectible Taxes

The balance of real estate taxes receivable (and unavailable revenues for such taxes in governmental funds) is net of an allowance of \$0 for the amount of taxes which the Township estimates to be uncollectible.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statements and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets include land, construction in progress, buildings, improvements, machinery and equipment and infrastructure (i.e. roads, bridges, sidewalks and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are not recorded in governmental fund financial statements. Instead, governmental funds recognize capital outlay expenditures. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded an acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Land Improvements	10-50 years
Buildings and Improvements	8-50 years
Machinery and Equipment	5-20 years
Infrastructure	10-50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 Township has two line items that qualifies for reporting in this category that are reported in the government-wide statement of net position: deferred charge on refunding and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the new refunding debt. Deferred outflows related to pensions are described further in Note 8. The components of deferred outflows of resources include differences between expected and actual experience, change in assumptions, and net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position and balance sheet – governmental funds report deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one line item that qualifies for reporting in this category on the statement of net position; pensions. The Township has certain items that qualify for reporting in this category on the balance sheet – governmental funds including the unavailable revenues related to real estate tax, business privilege tax and special assessments that are reported as deferred inflows of resources

Long-Term Obligations

In the government-wide financial statements and in the Proprietary Fund financial statements, any long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources and is not considered fund liabilities, and principal payments are considered expenditures.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Bond Discounts and Premiums

In the government-wide financial statements and in the Proprietary Fund financial statements, any bond discounts and premiums are amortized over the life of the bonds using the proportionate-to-stated-interest method. Long-term debt is reported net of the applicable bond premium or discount.

In the government fund financial statements, bond premiums and discounts are recognized during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Accrued Vacation and Sick Leave

Township employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Sick leave is payable when used, or upon retirement. If paid upon retirement, the total accumulated hours are reduced to forty-five percent and paid at the then effective hourly rate for that employee, with a maximum of 300 days per employee. Vacation pay and sick pay are accrued when incurred in the government-wide statements and Proprietary Fund. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unavailable Revenues

In the governmental fund financial statements, unavailable revenues represent delinquent real estate taxes which will be included in revenues of future years when collected, local enabling taxes collectible, but not available, or special assessments receivable which will be included in revenues as the assessments become current.

Real Estate Taxes

In the governmental fund financial statements, real estate taxes are recorded as revenues when available and measurable. The Township records a receivable when taxes are levied, and defers that portion of real estate tax revenue, which is not expected to be collected within sixty days of the year end.

Real estate taxes are levied February 1 and due May 31 of each year. A two percent discount is provided for taxes paid prior to April 1. A ten percent penalty is applied to taxes paid after May 31. Unpaid taxes are liened with Delaware County by February 28 of the subsequent year.

Local Enabling Taxes

The Township recognizes assets resulting from local enabling taxes (derived tax revenues) when the underlying exchange transaction occurs or when resources are received, whichever is first. In the governmental fund financial statements, under the modified accrual basis of accounting, revenue is recorded when the underlying exchange occurs and when the resources are available. Revenue that is not available is recorded as unavailable revenue until it becomes available.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenues

In the governmental fund financial statements, unearned revenues represents rental income which will be included in revenues of future years as they are earned.

Fund Balance

The Township follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable – Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Township Board. The Board is the highest decision making authority of the Township. Commitments may be established, modified or rescinded only through ordinances approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Township Commissioners passed a resolution authorizing the Township Finance Director to assign fund balances by their intended use.

Unassigned – Residual net resources. If after the annual audit, prior committed or assigned fund balances cause the unassigned fund balance to fall below 12% of General Fund budgeted operating expenditures, the Finance Director will advise the Township Commissioners in order for the necessary action to be taken to restore the unassigned fund balance to 15% of General Fund budgeted operating expenditures. If, however, the total revenues generated from the Act 511 Enabling Tax exceed 30% of the total revenues in the General Fund, the amount needed to restore the unassigned fund balance would consist of the 15% base target amount as well as an added 10%, for a total of 25% of General Fund budgeted operating expenditures. The additional 10% is meant to specifically mitigate against revenue fluctuations from the Act 511 Enabling Tax group by maintaining a larger General Fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted balances are available, it is the Township's policy to use restricted fund balance first, followed by unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned amounts are available, it is the Township's policy to use committed first, then assigned and then finally unassigned.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements and proprietary and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position amounts are considered unrestricted. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Other Postemployment Benefits

The Township follows GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. These statements require governments to recognize an expense under the accrual basis for annual required other postemployment benefits contributions, regardless of amounts paid.

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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

Legal and Contractual Restrictions

The Township is authorized by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral (with their trust department or other custodians) obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. The Township may purchase certificates of deposit from institutions having their principal place of business outside the Commonwealth of Pennsylvania that are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Legal and Contractual Restrictions (Continued)

Under Pennsylvania law, the Township is permitted to invest in the following types of instruments:

- United States Treasury bills;
- Obligations backed by the full faith and credit of the U.S. government or its agencies;
- Shares of money market or mutual funds of companies that invest in only authorized investments listed above; and
- Funds pooled by other municipalities and political subdivisions.

In addition, the Local Government Unit Debt Act allows funds held under the Township’s bond indentures not required for prompt expenditure to be invested in any securities in which the Commonwealth of Pennsylvania may similarly invest.

The law provides that the Township’s Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

The Township’s deposits and investments at December 31, 2017 totaling \$94,905,615 are classified in the fund balance sheets/statements of net position as follows:

	Cash and Cash Equivalents	Investments	Total
General Fund	\$ 3,824,301	\$ 6,996,059	\$ 10,820,360
Special Revenue Funds			
Sewer Fund	287,633	501,224	788,857
Park Improvements and Open Space	216,241	-	216,241
Storm Water	1,234,076	2,324,000	3,558,076
Debt Service Fund	87,578	-	87,578
Capital Projects Funds			
Capital Improvement Fund	5,817,394	98,000	5,915,394
Special Assessment Fund	162,050	-	162,050
Nonmajor Governmental Fund	1,435,071	-	1,435,071
Enterprise Fund	10,685	-	10,685
Fiduciary Funds	6,568,132	65,343,171	71,911,303
Total	\$ 19,643,161	\$ 75,262,454	\$ 94,905,615

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township’s deposit policy for custodial credit risk is to have uninsured deposits collateralized, pursuant to Pennsylvania Act 72 of 1971, as amended. As of December 31, 2017, the Township’s deposits with a carrying value of \$19,643,161 and bank balances of \$20,789,947 was exposed to custodial credit risk as follows:

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

Insured by FDIC	\$ 250,000
Uninsured, Collateral Held by Pledging Bank's Trust Department pursuant to Act 72, but not in the Township's Name (A)	20,539,947
	<u>\$ 20,789,947</u>

(A) This figure excludes petty cash.

Investments

Investments held as of December 31, 2017 are as follows:

Governmental Funds:	
Negotiable Certificates of Deposit	\$ 6,611,000
U.S. Governmental Agencies	3,225,000
PLGIT	83,283
	<u>9,919,283</u>
Pension Trust Funds:	
Money Funds (1)	1,508,877
Negotiable Certificates of Deposit	428,000
U.S. Governmental Agencies	200,000
Fixed Income Funds	25,073,849
International Mutual Funds	9,938,832
Equity Mutual Funds	28,303,974
	<u>65,453,532</u>
	<u>\$ 75,372,815</u>

(1) Money Funds are Included with Cash and Cash Equivalents in the Statement of Fiduciary Net Position

The Township categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Township has ability to access.

Level 2 – Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in active markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Township has the following recurring fair value measurements as of December 31, 2017:

	<u>12/31/2017</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt securities				
Fixed Income Mutual Funds	\$ 25,073,849	\$ 25,073,849	\$ -	\$ -
U.S. Government Agencies	3,425,000	3,425,000	-	-
Total debt securities	<u>28,498,849</u>	<u>28,498,849</u>	<u>-</u>	<u>-</u>
Equity securities				
Other mutual funds	38,326,089	38,326,089	-	-
Negotiable Certificate of Deposit	7,039,000	7,039,000	-	-
Total equity securities	<u>45,365,089</u>	<u>45,365,089</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 73,863,938</u>	<u>\$ 73,863,938</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Participation in External Investment Pools.

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The Township’s investment in PLGIT is reported at amortized cost, which approximates fair value. The Township has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. The pool is rated AAA by Standard & Poor’s. PLGIT issues separate financial statements available at www.plgit.com.

Restrictions on Qualified Investment Pool Withdrawals. The Township is limited to two withdrawals per calendar month from the PLGIT account.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township’s investment policy is to store its investments in safekeeping by an unrelated third party not underwriting a particular investment. The Township maintains a list of financial institutions authorized to provide investment services and of approved security broker/dealers. The Township has purchased from brokers negotiable certificates of deposit, in which the Township receives pass-through depository insurance up to \$250,000 at each financial institution. As of December 31, 2017, all of the Township’s negotiable certificates of deposit were insured and collateralized.

Interest Rate Risk – Investments

The Township’s investment policy is to minimize the risk of fair value losses arising from increasing interest rates by avoiding the need to sell securities prior to maturity and by investing in shorter-term securities, money market funds and similar investment pools, where appropriate. The average maturities of the Township’s U.S. Government Agencies, fixed income funds, corporate bonds, and certificates of deposit are as follows:

	<u>Average Maturities (in years)</u>					<u>Total</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>	<u>More than 15</u>	
U.S Government Agencies	\$ -	\$ 500,000	\$ 500,000	\$ 2,425,000	\$ -	\$ 3,425,000
Fixed Income Funds	-	-	25,073,849	-	-	25,073,849
Certificates of Deposit	<u>1,742,000</u>	<u>3,657,000</u>	<u>1,390,000</u>	<u>250,000</u>	-	<u>7,039,000</u>
Total	<u>\$ 1,742,000</u>	<u>\$ 4,157,000</u>	<u>\$ 26,963,849</u>	<u>\$ 2,675,000</u>	<u>\$ -</u>	<u>\$ 35,537,849</u>

There were no investments in U.S. Government Agencies subject to be called in 2017.

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Township’s investment policy is to limit the investment of funds to the safest type of securities and to pre-qualify the financial institutions, broker/dealers and advisors the Township conducts business with. The Township does not have a policy related to concentration of credit risk. The Township’s investments in fixed income funds were not rated. The Township’s investments in corporate bonds were rated by Moody’s as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
U.S Government Agencies	\$ 3,425,000	AAA
Fixed Income Funds	8,086,303	A
Fixed Income Funds	10,714,814	BBB
Fixed Income Funds	3,874,895	BB
Fixed Income Funds	2,397,837	B

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Investments

The Township’s Investment Policy over the police and civilian employee pension plans and other postemployment benefit obligation plan investments limits fixed income securities of any one issuer to 5% of the total fixed income portfolio at the time of purchase excluding U.S. Treasury securities and Federal Agency securities. Investments in stock of any one corporation may not exceed 5% of the total stock portfolio valued at market. Additionally, not more than 25% of stock valued at market may be held in any one industry category.

More than 5% or more of the Township’s governmental activities investments are in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal National Mortgage Association. These investments are 5%, 7%, and 12%, respectively, of the Township’s governmental activities investments.

More than 5% of the Township’s General Fund investments are in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal National Mortgage Association. These investments are 7%, 10%, and 17%, respectively, of the Township’s General Fund investments.

More than 5% of the Township’s Storm Water Fund investments are in Federal Farm Credit Bank and Federal Home Loan Bank. These investments are 11% and 14%, respectively, of the Township’s Storm Water Fund investments.

None of the Township’s police and civilian employee pension plans and other postemployment benefit obligation plan investment concentrations exceeded 5%.

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The following is a schedule of interfund receivable and payables as included in the basic financial statements of the Township as of December 31, 2017:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 605,000	\$ -
Special Revenue Fund		
Park Improvements and Open Space Fund	-	605,000
Capital Improvements Fund	22,400	-
Nonmajor Governmental Funds	-	22,400
Total	<u>\$ 627,400</u>	<u>\$ 627,400</u>

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The following is a schedule of transfers as included in the basic financial statements of the Township as of December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,428,881
Special Revenue Fund		
Sewer Fund	1,750,000	344,356
Park Improvements and Open Space Fund	-	1,244,498
Special Assessment Fund	-	45,539
Debt Service Fund	4,625,538	-
Capital Improvements Fund	1,617,736	-
Willows Fund	70,000	-
Total	<u>\$ 8,063,274</u>	<u>\$ 8,063,274</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	<u>2016 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017 Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$24,149,624	\$ -	\$ -	\$24,149,624
Construction in Progress	316,739	-	-	316,739
Total Capital Assets not being Depreciated	<u>24,466,363</u>	<u>-</u>	<u>-</u>	<u>24,466,363</u>
Capital Assets, being Depreciated:				
Land Improvements	3,006,268	2,439,504	-	5,445,772
Buildings	23,086,764	3,977,037	-	27,063,801
Machinery and Equipment	17,530,835	945,016	-	18,475,851
Infrastructure	22,108,322	1,809,665	-	23,917,987
Total Capital Assets being Depreciated	<u>65,732,189</u>	<u>9,171,222</u>	<u>-</u>	<u>74,903,411</u>
Less Accumulated Depreciation for:				
Land Improvements	1,953,582	179,828	-	2,133,410
Buildings	7,243,369	583,097	-	7,826,466
Machinery and Equipment	12,895,588	1,287,922	-	14,183,510
Infrastructure	9,903,935	807,055	-	10,710,990
Total Accumulated Depreciation	<u>31,996,474</u>	<u>2,857,902</u>	<u>-</u>	<u>34,854,376</u>
Total Capital Assets being Depreciated, Net	<u>33,735,715</u>	<u>6,313,320</u>	<u>-</u>	<u>40,049,035</u>
Governmental Activities Capital Assets, Net	<u>\$58,202,078</u>	<u>\$ 6,313,320</u>	<u>\$ -</u>	<u>\$64,515,398</u>
	<u>2016 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017 Balance</u>
Business Type Activities				
Capital Assets, being Depreciated:				
Buildings and Improvements	\$ 460,882	\$ -	\$ -	\$ 460,882
Total Capital Assets being Depreciated	<u>460,882</u>	<u>-</u>	<u>-</u>	<u>460,882</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	379,182	2,391	-	381,573
Total Accumulated Depreciation	<u>379,182</u>	<u>2,391</u>	<u>-</u>	<u>381,573</u>
Total Capital Assets being Depreciated, Net	<u>81,700</u>	<u>(2,391)</u>	<u>-</u>	<u>79,309</u>
Business Type Activities Capital Assets, Net	<u>\$ 81,700</u>	<u>\$ (2,391)</u>	<u>\$ -</u>	<u>\$ 79,309</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions / programs as follows:

Governmental Activities

General Government	\$ 757,763
Protection to Persons and Property	338,671
Health and Sanitation	241,964
Highways	1,175,406
Parks and Recreation	<u>344,098</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 2,857,902</u>

Business-Type Activities

Willow Fund	<u>\$ 2,391</u>
Total Depreciation Expense, Business-Type Activities	<u>\$ 2,391</u>

NOTE 5 LOANS RECEIVABLE

The following is a summary of loans receivable at December 31, 2017:

Wayne Art Center	<u>\$ 830,000</u>
	<u>\$ 830,000</u>

On May 25, 2004, the Township entered into a loan agreement with the Wayne Art Center, whereby the Township agreed to loan \$995,000 to the Wayne Art Center to finance certain capital improvements to the visual arts center which it owns and operates in exchange for the Wayne Art Center's commitment to continue operating the facilities of the arts center for the benefit of the residents of the Township and others during the term of the loan. The loan followed the repayment schedule consistent with that of the General Obligation Bonds, Series of 2004, from which the loan was funded. During 2014, the loan was renegotiated to bear interest at varying rates over the life of the bonds from 2.75% to 4.0% per annum. Interest only payments are due January 15 and July 15 of each year through January 2020. Principal and interest payments of approximately \$68,000 to \$75,600 per year extend through 2034. Principal payments are due annually on July 15, beginning in 2020.

Since the loans receivable represents assets that are not available for current spending, a restricted fund balance equal to the outstanding balance of the loans has been recognized in the Debt Service Fund in the fund financial statements. A transfer of this loan was made to the Debt Service Fund from the Capital Improvements Fund, eliminating prior interfund receivable and payables.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 CAPITAL LEASE OBLIGATIONS

The Township acquired several pieces of equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The leases expire during 2022.

The cost and depreciation of equipment under the capital leases are as follows:

Cost	\$ 2,386,548
Accumulated Depreciation	<u>883,633</u>
Total	<u>\$ 1,502,915</u>

The future minimum lease payments under the capital leases and the net present value of future minimum capital lease payments at December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 497,126
2019	416,696
2020	347,765
2021	235,402
2022	<u>106,743</u>
Total Minimum Lease Payments	1,603,732
Less: Amount Representing Interest	<u>58,127</u>
Present Value of Minimum Lease Payments	<u>\$ 1,545,605</u>

NOTE 7 LONG-TERM DEBT

In 2010 the Township issued \$13,735,000 of General Obligation Bonds, Series 2010. The proceeds of the bonds were used for the current refunding of the Township's General Obligation Bond, 2002 Series A. The Bond is dated June 15, 2010 and has a maturity of June 15, 2024 with interest rates ranging from 1.5% to 3.4%, being paid semi-annually, June 15 and December 15.

In 2012 the Township issued \$16,360,000 of General Obligation Bonds, Series 2012. The proceeds of the bonds were used for the current refunding of the Township's General Obligation Bond, Series of 2007. The Bond is dated May 4, 2012 and has a maturity of November 1, 2037 with interest rates ranging from 1% to 4%, being paid semi-annually, May 1 and November 1.

In 2013, the Township incurred \$3,860,000 of federally taxable non-electoral debt and \$14,350,000 of tax-exempt non-electoral debt through the issuance of General Obligation Notes Series 2013A and 2013B, respectively. The 2013A Note was issued to finance the payment of a termination payment pursuant to the terms of the Interest Rate Management Agreement related to the 2004 Bonds (the "Swap Agreement") with Lehman Brothers Special Financing, Inc. as a result of Swap Agreement by the Township and the payment of costs of issuing the 2013A Notes. The 2013B Note was issued to finance the advance refunding of a portion of the Township's General Obligation Bonds, Series of 2004 and the payment of the costs of issuing the 2013B Notes. The Township deposited a sum of \$14,873,507 with an escrow Agent which was held until maturity on July 15, 2014. The reacquisition price exceeded the net carrying amount of the old debt by \$2,735,206. This amount is being amortized over the remaining life of the new debt, which was the same as the life of the refunded debt. The advance refunding was

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 LONG-TERM DEBT (CONTINUED)

undertaken to reduce total debt service payments by \$1,752,129 and resulted in an economic gain of \$1,199,948.

The 2013 Notes have varying maturities from January 2014 to July 2034 with interest being paid semiannually, January 15 and July 15. The interest rates of the Notes range between .607% and 4.00%.

In 2014 the Township issued \$9,885,000 of General Obligation Bonds, Series 2014. The proceeds of the bonds were used for the purchase of land in the Township. The Bond is dated December 16, 2014 and has a maturity of December 31, 2043 with interest rates ranging from 2% to 4%, being paid semi-annually, May 1 and November 1.

In 2015, the Township issued General Obligation Bonds, Series of 2015 in the amount of \$4,965,000. The proceeds were used to currently refund the outstanding 2009 Bonds in the amount of \$4,885,000. The Bond is dated February 18, 2015 and has a maturity of November 1, 2026 with interest rates ranging from 2% to 3.00%, being paid semi-annually, May 1 and November 1.

In 2015, the Township issued General Obligation Bonds, Series A of 2015 in the amount of \$5,275,000. The proceeds were used to currently refund the portion of the outstanding 2010 Bonds stated to mature on June 15 of the years 2019 through and including 2024 and to finance a portion of the costs of renovations and improvements to the Radnor Memorial Library, in Wayne, PA. The Bond is dated November 12, 2015 and has a maturity of June 15, 2035 with interest rates ranging from .75% to 4%, being paid semi-annually, June 15 and December 1.

In February 2016 the Township issued \$5,765,000 of General Obligation Bonds, Series 2016. The proceeds of the bonds will be used to finance upgrades and improvements to parks and trails located throughout the Township. The Bond is dated February 23, 2016 and has a maturity of December 31, 2035 with interest rates ranging from 2% to 3%, being paid semi-annually, June 15 and December 15.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term obligations:

	Year of Final Maturity	Original Issue Amount	Balance January 1, 2017	2017 Additions	2017 Reductions	Balance December 31, 2017	Due Within One Year
Governmental Activities:							
General Obligations							
2010 Issue - 1.50% - 3.40%	2018	\$13,735,000	\$ 1,460,000	\$ -	\$ (1,025,000)	\$ 435,000	\$ 435,000
2012 Issue - 1.50% - 4.00%	2037	16,360,000	16,230,000	-	(35,000)	16,195,000	35,000
2013 Issue - .607% - 4.00%	2034	18,210,000	17,320,000	-	(600,000)	16,720,000	1,175,000
2014 Issue - 2.00% - 4.00%	2043	9,885,000	9,645,000	-	(240,000)	9,405,000	245,000
2015 Issue - 2.00% - 2.25%	2026	4,965,000	4,330,000	-	(585,000)	3,745,000	380,000
2015 A Issue - .75% - 4.00%	2035	5,275,000	5,145,000	-	(95,000)	5,050,000	95,000
2016 Issue - 2.00% - 3.00%	2035	5,765,000	5,505,000	-	(230,000)	5,275,000	235,000
Add/Less Deferred Amounts							
For Issuance Discount/Premium			1,022,904	-	(80,564)	942,340	-
Total General Obligation Debt			60,657,904	-	(2,890,564)	57,767,340	2,600,000
Capital Lease Obligations			1,406,471	511,638	(372,504)	1,545,605	475,008
Compensated Absences			3,296,769	658,735	(38,632)	3,916,872	1,570,589
Total Governmental Activities			<u>\$65,361,144</u>	<u>\$ 1,170,373</u>	<u>\$ (3,301,700)</u>	<u>\$63,229,817</u>	<u>\$ 4,645,597</u>

Debt service for general obligation bonds is funded primarily from real estate taxes. Compensated absences attributable to governmental activities are generally liquidated by the General Fund. Other postemployment benefits costs attributed to governmental activities are also generally liquidated by the General Fund.

At December 31, 2017, the Township's legal debt limit under the Pennsylvania Local Government Unit Debt Act (the "Act") was approximately \$98,765,000 for non-electoral debt. After deducting the non-electoral debt outstanding of \$45,660,000, the Township's remaining borrowing capacity as of December 31, 2017, was approximately \$53,105,000 for non-electoral debt. Electoral debt (i.e., debt approved by the Township voters) is not subject to any statutory borrowing limit under the Act.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 7 LONG-TERM DEBT (CONTINUED)

The following is a schedule of aggregate principal and interest payments for each of the next five years and each five-year period thereafter for all long-term debt except for the net OPEB obligation, capital lease obligation, and compensated absences:

	<u>General Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	2,600,000	1,875,149	\$ 4,475,149
2019	2,640,000	1,814,296	4,454,296
2020	2,225,000	1,742,786	3,967,786
2021	2,305,000	1,669,541	3,974,541
2022	2,370,000	1,600,776	3,970,776
2023-2027	12,370,000	7,009,681	19,379,681
2028-2032	14,035,000	5,046,788	19,081,788
2033-2037	15,310,000	2,293,194	17,603,194
2038-2042	2,430,000	377,631	2,807,631
2043	540,000	20,250	560,250
Total	<u>\$56,825,000</u>	<u>\$23,450,092</u>	<u>\$80,275,092</u>

NOTE 8 DEFINED BENEFIT PENSION PLANS

Plan Description

The Township contributes to two single-employer defined benefit plans (the "Plans"), one for police employees and one for civilian employees. The Plans are presented in the statement of net position and the statement of changes in net position of the fiduciary funds. The Plans are included in the audit of the Township.

Plan Administration

The Police Plan and Civilian Plan were established by Ordinance Nos. 936 and 934, respectively, effective January 1, 1957. The Plans were amended and restated by Ordinance Nos. 99-28 and 99-29, respectively, effective January 1, 1998. The Plans are governed by the Radnor Township Board of Commissioners which may amend plan provisions, and is responsible for the management of Plan assets. The Board of Commissioners has delegated the authority to manage certain Plan assets to the Radnor Township Police Pension Board and the Radnor Township Civilian Employee Pension Board. The Board has retained PFM Advisors as an investment counselor, who will assist the Board in the selection of various money managers. The Police Plan and Civilian Plan are required to file Form PC-201C and PC-203C, respectively, biennially with the Pennsylvania Department of Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2017.

The following table provides information concerning types of covered employees and benefit provisions for each of the Township's Plans, from the January 1, 2017 actuarial valuations:

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Civilian				Police			
	All	Regular	Full-Time	Employees, Excluding Sworn Police Officers	All	Regular,	Full-Time	Sworn Police Officers
Covered Employees								
Number of Covered Active Employees	68				43			
Number of Persons Receiving Benefits: Inactive Employees currently receiving benefits	54				50			
Inactive Employees Vested but not Receiving Benefits	19				2			
Current Annual Covered Payroll	\$5,615,678				\$5,127,356			
Required Employee Contributions	5% of Eligible Salary				3% of Eligible Salary if hired prior to January 1, 2013 and 5% if hired on or after January 1, 2013			
Normal Retirement Date	Age 62 and 5 years of service				Age 50 and 25 years of service; if hired prior to January 1, 2013, age 60 and 20 years of service, if earlier.			
Retirement Benefit	A monthly benefit payable for life equal to 50% of total pay averaged over the final 36 months of employment, reduced by 1/20 for each year of service less than 20 full years.				A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$100 per month for each completed year of service in excess of 25 years up to a maximum increase of \$500. The minimum benefit is \$300 per month.			
Early Retirement Date	Age 55 and completion of 15 years of service.				Completion of 20 years of service.			
Early Retirement Benefit	If eligible (see above), the accrued benefit at date of actual retirement is payable at normal retirement. Benefit may be elected immediately, but will be actuarially reduced for early commencement.				The accrued benefit actuarially reduced for commencement before normal retirement.			
Pre-Retirement Death Benefit	Before 10 years of service, the beneficiary receives a refund of employee contributions with interest. After 10 years of service, the surviving spouse or children receive the participant's accrued benefit payable for 120 months starting when the participant would have attained age 62. An actuarially equivalent lump-sum payment may be elected in lieu of monthly payments.				The spouse will receive 100% of the participant's accrued benefit to date, payable for life.			
Postretirement Death Benefit	The Form of benefit payment in force for such participant at the time of death occurs.				The surviving spouse will receive 100% of the amount the participant was receiving or entitled to receive at death, payable for life.			

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

The benefit provisions of the Township's Plans are established by and may be amended by Township ordinances in compliance with collective bargaining agreements.

Contributions

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation ("MMO"), which is based on the Plans' biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute a percentage of covered payroll which amounts to 5% for the Civilian Plan. For Police, the required contribution is 3% of covered payroll if hired prior to January 1, 2013. If hired on or after January 1, 2013, employees are required to contribute 5% of payroll. This contribution is governed by the Plans' governing ordinances and collective bargaining agreements. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or Plan earnings.

Net Pension Liability

The net pension liability of the Plans as of the measurement date of December 31, 2017, was as follows:

Changes in the Net Pension Liability (Civilian)	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2016	<u>\$ 34,531,832</u>	<u>\$ 25,793,949</u>	<u>\$ 8,737,883</u>
Changes for the Year:			
Service Cost	632,230	-	632,230
Interest	2,577,028	-	2,577,028
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,454,118)	-	(1,454,118)
Changes of assumptions	2,756,503	-	2,756,503
Contributions - employer	-	1,852,440	(1,852,440)
Contributions - employee	-	285,314	(285,314)
Net investment income	-	3,708,161	(3,708,161)
Benefit payments and refunds of employee contributions	(1,875,268)	(1,875,268)	-
Administrative expense	-	(67,076)	67,076
Other changes	-	16	(16)
Net changes	<u>2,636,375</u>	<u>3,903,587</u>	<u>(1,267,212)</u>
Balance at 12/31/2017	<u>\$ 37,168,207</u>	<u>\$ 29,697,536</u>	<u>\$ 7,470,671</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Changes in the Net Pension Liability (Police)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	\$ 40,090,513	\$ 28,038,511	\$ 12,052,002
Balance at 12/31/2016			
Changes for the Year:			
Service Cost	895,831	-	895,831
Interest	2,997,932	-	2,997,932
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(998,914)	-	(998,914)
Changes of assumptions	2,478,529	-	2,478,529
Contributions - employer	-	2,322,459	(2,322,459)
Contributions - employee	-	135,856	(135,856)
Net investment income	-	4,148,892	(4,148,892)
Benefit payments and refunds of employee contributions	(2,270,060)	(2,270,060)	-
Administrative expense	-	(74,649)	74,649
Other changes	-	10,029	(10,029)
Net changes	3,103,318	4,272,527	(1,169,209)
Balance at 12/31/2017	\$ 43,193,831	\$ 32,311,038	\$ 10,882,793

The total pension liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement. The assumptions used were based on past experience under the Plans and reasonable future expectation which is our best estimate of anticipated experience under the Plans. A recent actuarial experience study was not performed.

Inflation:	2.75%
Salary Increases (Civilian):	5.0% including inflation
Salary Increases (Police):	5.0% including inflation, with an additional increase of 30% in the final year of employment if hired prior to January 1, 2013, or an additional increase of 5% in the final year of employment if hired on or after January 1, 2013.
Mortality (Civilian):	RP-2014 Mortality Table. Rates are projected to improve with rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.
Mortality (Police):	RP-2014 Mortality Table, with rates set forward 5 years for disables lived. Mortality improvement based on the Long-Range Demographic Assumptions for the SSA's Trust Report.
Expected Long-Term Rate of Return:	7.25%, applied to all periods

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Change in Assumptions: Inflation lowered from 3.0% to 2.75%; interest rate lowered from 7.5% to 7.25%; mortality assumption updated from RP-2000 Combined Healthy mortality with Blue Collar adj. and 75% Scale AA to RP-2014 mortality and mortality improvement based on the Social Security Administration’s 2015 Demographic Assumptions; extended retirement rates from 100% at age 56 to 100% at age 60, salary increase assumption increased from 20% to 30% in the final year of employment if hired prior to January 1, 2013 and decreased from 20% to 5% in the final year of employment if hired on or after January 1, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation and pension plan investment expense not funded through the Minimum Municipal Obligation (MMO)) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension Plan’s target asset allocation as of the December 31, 2017 measurement date are as follows:

Asset Class	Estimated Long-term Rates of Return
Equities	6.30%
Fixed Income	2.00%
Cash and Cash Equivalents	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flow to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the MMO. Based on those assumptions, the pension Plans’ fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.25%, as well as what each Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%), or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability - Civilian Pension Plan	\$ 11,812,019	\$ 7,470,671	\$ 3,776,423
Net Pension Liability - Police Pension Plan	16,085,697	10,882,793	6,556,927

Investment Policy

The Pension Fund Board is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of the Plans is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plans, with minimal impact on market price. The two Plans' financial statements are prepared on the accrual basis of accounting. Plan investments are listed at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Contributions and pension payments are recognized in the period that they are due for both Plans.

The following was the Plans' adopted asset allocation policy as of December 31, 2017:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities - Domestic	27.50%	37.50%
Equities - International	13.00%	23.00%
Fixed Income	36.50%	46.50%
Real Estate	0.00%	8.00%
Cash Equivalents	0.00%	10.00%

Investments that Represent Five Percent or More of Plan Net Position

At December 31, 2017, the Plans had no investments (other than those issued by the U.S. Government or guaranteed by the U.S. Government or those in mutual funds) in any one organization or instrument that represents 5% or more of the Plans' Fiduciary Net Position.

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO, for plan year 2017 was 14.54% and 14.96% for the Civilian and Police Pension Plans, respectively. For plan year 2016, the money-weighted rate of return was 5.96% and 6.14% for the Civilian and Police Pension Plans, respectively. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Township recognized pension expense of \$3,771,215. At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Civilian Employees Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 85,386	\$ 1,223,306
Changes in assumptions	2,318,963	-
Net difference between projected and actual earnings on pension plan investments	-	567,437
Total	<u>\$ 2,404,349</u>	<u>\$ 1,790,743</u>

Police Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 669,882	\$ 829,607
Changes in assumptions	2,137,945	-
Net difference between projected and actual earnings on pension plan investments	-	704,198
Total	<u>\$ 2,807,827</u>	<u>\$ 1,533,805</u>
Aggregate Total	<u>\$ 5,212,176</u>	<u>\$ 3,324,548</u>

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

	<u>Police</u>	<u>Civilian</u>
Year ending December 31,		
2018	\$ 538,903	\$ 278,879
2019	538,902	278,879
2020	146,508	(71,404)
2021	(175,991)	(145,559)
2022	225,700	210,794
Thereafter	-	62,017

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Plan Description

The Township contributes to a single employer defined benefit plan to eligible retirees for health insurance benefits. The plan is reported as the OPEB Reserve Trust Fund in the accompanying financial statements, and does not issue stand-alone statements.

Plan Administration

The plan is governed by the Radnor Township Board of Commissioners which may amend plan provisions, and is responsible for the management of plan assets. The Board has retained PFM Advisors as an investment counselor, who will assist the Board in the selection of various money managers.

The Township provides postemployment health care benefits (including hospitalization, surgical, major medical, dental, vision and prescription drugs), in accordance with collective bargaining agreements and Township policy, to all retired employees and their eligible dependents, except civilian employees hired after December 31, 1989. Medical claims for these retirees are paid in full by the Township, in accordance with the health plan's provisions, until age 65. At age 65, Medicare becomes the primary carrier for these employees, and the Township's health plan becomes the secondary carrier (that is, the Township plan pays for claims not initially paid by Medicare).

Retirees eligible for postemployment health care benefits receive the same level of benefits in retirement that they were eligible for as active employees.

Inactive plan members currently receiving benefit payments	88	
Inactive plan members entitled to but not yet receiving benefit payments	-	
Active plan members	<u>105</u>	
Total		<u><u>193</u></u>

Expenditures for postemployment health care benefits are recognized as claims are paid by the Township in the governmental fund financial statements. In 2017, expenditures of approximately \$1,508,132 were recognized for postemployment health care. No amount was due to the Township nor was any amount reimbursed to the Township by its stop-loss insurance carrier for catastrophic medical expenses for postemployment health care.

The Township also provides life insurance benefits to its retired employees. The amount of life insurance coverage is generally \$25,000 per police retiree and \$35,000 per civilian retiree, but formally dictated by the contract terms in effect at the time of retirement. The premiums are paid entirely by the Township and continue until the retired employee's death or until which time the dividends can be calculated to handle the premium payments. These postemployment life insurance benefits are recognized as expenditures when due in the governmental fund financial statement. At December 31, 2017, 40 police retirees and 46 civilian retirees are eligible for these postemployment life insurance benefits. In 2017, there were no expenditures recognized for postemployment life insurance benefits.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONTINUED)

Contributions

All employees are required to contribute a percentage of the total premium which amounts to 7%. Police retirees who were hired before January 1, 2013 are not required to pay any portion of the premium for the benefits provided. Police retirees who were hired on or after January 1, 2013 will contribute an amount capped at the flat dollar amount the office was required to pay at the time of retirement. Civilian retirees hired between January 1, 2007 and December 31, 2013 shall pay premiums equal to the same rate as active employees hired between January 1, 2007 and December 31, 2013 are required to pay. The contributions are governed by the plans' governing ordinances and collective bargaining agreements. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through plan earnings.

Investments

The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. It is the policy of the Board of Commissioners to pursue an investment strategy that reduces risk through diversification of the portfolio by investing in several mutual funds. The following is the plan's target asset allocation as of December 31, 2017:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities - Domestic	27.50%	37.50%
Equities - International	13.00%	23.00%
Fixed Income	36.50%	46.50%
Real Estate	0.00%	8.00%
Cash Equivalents	0.00%	10.00%

For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note 2 to the financial statements for additional details on the plan's investments.

Net OPEB Liability

The components of the net OPEB liability of the plan at December 31, 2017, were as follows:

Total OPEB Liability	\$ 51,613,495
Total Plan Fiduciary Net Position	<u>7,513,025</u>
Net OPEB Liability	<u>\$ 44,100,470</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.56%
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**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

The Township's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. The actuary utilized update procedures to roll forward the plan's total OPEB liability in the January 1, 2017 actuarial valuation to the December 31, 2017 measurement date.

The plan's total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.75%
Salary Increases:	2.75%, average, including inflation
Cost Method:	Entry Age Normal Cost
Investment Rate of Return:	6.50%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates:	
Medical/Vision	(2.00)% for Police and 1.00% Civilian
Prescription Drugs	10.00% for Police and 4.00% Civilian
Dental	3.00% for Police and Civilian
Cost Sharing with Inactive plan Members	Police retirees who were hired on or after January 1, 2013 will contribute an amount capped at the flat dollar amount the office was required to pay at the time of retirement. Civilian retirees hired between January 1, 2007 and December 31, 2013 shall pay premiums equal to the same rate as active employees hired between January 1, 2007 and December 31, 2013 are required to pay.
Mortality:	RP-2014 Mortality Table with 50% of Blue Collar Adjustment and rates set forward 5 years for disables lives. (Police) RP-2014 Mortality Table (Civilian)

The actuarial assumptions used in the January 1, 2017 valuation were based on historical results, as a recent experience study was not completed.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.0%
Fixed Income	2.0%
Cash	0.0%

Discount Rate

The discount rate used to measure the plan's total OPEB liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that the Township's contributions to the plan will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net OPEB Liability	\$ 52,644,547	\$ 44,100,470	\$ 37,303,322

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

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

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 37,118,402	\$ 44,100,470	\$ 53,084,540

Funding Policy

Prior to 2013 the Township funded these benefits on a pay-as-you-go basis. During 2013, the Township committed approximately \$3.3 million for future funding and segregated these funds in a separate OPEB fund. Additional funds have been contributed since 2013 into the OPEB Reserve Trust Fund. Funding Policy is set and can be amended by the Board of Commissioners.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation – GASB 45

The Township’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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Township’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Annual Required Contribution	\$ 4,364,966
Interest on Net OPEB Obligation	914,265
Adjustment to ARC	<u>(1,247,260)</u>
Annual OPEB Cost (Expense)	4,031,971
Actual Contributions Made	<u>(1,209,209)</u>
Increase in Net OPEB Obligation	2,822,762
Net OPEB Obligation - Beginning of Year	20,316,995
Net OPEB Obligation - End of Year	<u><u>\$ 23,139,757</u></u>

The Township’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for three years were as follows:

<u>Years Ended December 31,</u>	<u>Annual OPEB</u>	<u>Percentage of Annual OPEB</u>	<u>Net OPEB</u>
2015	\$ 4,217,736	59.07%	\$ 18,290,305
2016	4,065,188	50.15%	20,316,995
2017	4,031,971	29.99%	23,139,757

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability was approximately \$54,428,708 and the actuarial value of assets was approximately \$5,696,151 resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$48,732,557 and a funded ratio of 10.5%. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,181,711 and the ratio of the UAAL to the covered payroll was 531 percent.

Annual OPEB Cost and Net OPEB Obligation – GASB 74

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 healthcare cost trend. 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation – GASB 74 (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, because the Township maintains no plan assets, information relative to plan asset disclosures is not applicable.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2016	\$ 49,528,169	\$ 7,153,744	\$ 42,374,425
Changes for the Year:			
Service Cost	1,179,128	-	1,179,128
Interest	2,496,102	-	2,496,102
Contributions - employer	-	1,226,963	(1,226,963)
Contributions - employee	-	-	-
Net investment income	-	724,221	(724,221)
Benefit payments	(1,589,903)	(1,589,903)	-
Administrative expense	-	(2,000)	2,000
Other changes	-	-	-
Net changes	2,085,327	359,281	1,726,046
Balance at 12/31/2017	\$ 51,613,496	\$ 7,513,025	\$ 44,100,471

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

NOTE 10 DEFERRED COMPENSATION PLANS

The Township offers all full-time employees the option to participate in deferred compensation Plans created in accordance with the Internal Revenue Code Section 457. The Plans permit the employees to voluntarily defer a percentage of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The compensation deferred is managed by outside Trustees under various investment options. As a result, the financial statements of the deferred compensation plans are excluded from the accompanying financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 11 RISK MANAGEMENT

General

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions by elected officials, employees and volunteers; personal injury and illness; and natural disasters. The Township carries various types of commercial insurance to manage these risks of loss. In 2017, these coverages included separate policies for: general liability; public officials liability; police professional liability; vehicular liability; pension fiduciary liability; liquor liability; cyber security liability; boiler and machinery; workers compensation; bonds for the Treasurer, Chief Financial Officer, and Assistant Director of Finance; errors and omissions by volunteer fire and ambulance companies; and other policies covering volunteers participating in several different Township-sponsored programs. Premiums for these coverages are paid directly to the insurers out of the accounts of the General and Sewer Funds. There were no significant reductions in coverage under these policies from the prior year and settlements have not exceeded coverage in the past three years.

Employee Health Benefits Plan

The Township health benefits program is a managed-care program administered by the Delaware Valley Health Insurance Trust (the "DVHIT") for all Township employees and retirees. DVHIT is a regional risk sharing pool providing health insurance benefits to employees and dependents of participating municipalities. DVHIT is established under legal authority granted by the Pennsylvania Intergovernmental Cooperation Law. DVHIT is governed by a Board of Trustees comprised of a representative from each member municipality.

Member municipalities are assessed premiums at the beginning of each calendar year based on the specific design of their plan. Any excess funds are returned to the membership via a dividend and/or rate stabilization credits. As of December 31, 2017, the Township accumulated \$873,064 in stabilization credits of which \$428,139 was earned in the current year. The Township has chosen to utilize \$576,664 to offset 2018 premium increases.

NOTE 12 RADNOR-HAVERFORD-MARPLE SEWER AUTHORITY

The Radnor-Haverford-Marple Sewer Authority (the "RHM Sewer Authority"), a joint Authority, was incorporated in 1967 by the Townships of Radnor, Haverford and Marple under the provisions of the Municipal Authorities Act of 1945. Presently, the RHM Sewer Authority operates and maintains sewerage collection systems and interceptors to transfer sewerage collected by the incorporating Townships' (and other municipal entities') collection systems for eventual treatment and disposal by the City of Philadelphia.

Under an agreement dated June 1, 1968, the Township is obligated to pay its proportionate share of the RHM Sewer Authority operating, maintenance and debt service costs. The Township's proportionate share of the applicable costs is based on metered flows into the RHM Sewer Authority system. As of December 31, 2012, the Township accounted for approximately forty-four percent of the flows received by the RHM Sewer Authority. During 2017, the Township paid the RHM Sewer Authority \$3,910,878 from the Township's Sewer Fund.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 12 RADNOR-HAVERFORD-MARPLE SEWER AUTHORITY (CONTINUED)

Summarized financial information for the RHM Sewer Authority as of December 31, 2016 and for the year then ended (the most recently available information) is shown below:

Cash and Investments	\$ 9,860,433
Receivables	428,775
Plant in Service	506,556
Other Assets	1,135,080
Total Assets	<u>\$ 11,930,844</u>
Liabilities	\$ 4,184,447
Equity	<u>7,746,397</u>
Total Liabilities and Equity	<u>11,930,844</u>
Total Revenues	<u>\$ 8,130,764</u>
Total Expenses	<u>\$ 7,400,556</u>

Audited financial statements for the RHM Sewer Authority are available from the RHM Sewer Authority, 600 Glendale Road, Havertown, PA 19083.

NOTE 13 COMMITMENTS AND CONTINGENCIES

In the normal course of business there are various claims and suits pending against the Township. In the opinion of management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Township.

RHM Sewer Authority

As described in Note 12, the Township is obligated to pay its proportionate share of the applicable costs of the RHM Sewer Authority. The RHM Sewer Authority expects to be named as a potentially responsible party by the United States Environmental Protection Agency ("EPA") in the future with respect to the Lower Darby Creek Area Superfund Site consisting of the Clearview Landfill, Folcroft Landfill and Folcroft Landfill Annex. The EPA has reason to believe that hazardous wastes generated at locations owned or operated by the RHM Sewer Authority may have been transported to and disposed of at the Superfund Site. In the event that the RHM Sewer Authority is subsequently named as a potentially responsible party, it is likely that the RHM Sewer Authority will be expected to participate in, pay for or otherwise contribute to the cost of assessment and remediation of the hazardous wastes at the Superfund Site. It is not possible to estimate the amount of such liability at this time.

Under an agreement between RHM Sewer Authority and Darby Creek Joint Authority ("DCJA"), RHM Sewer Authority agrees to pay DCJA a yearly service charge in connection with operating costs and interceptor maintenance costs. DCJA's operating costs are directly related to the service charges it incurs from Delaware County Regional Authority ("DELCORA") under an agreement it has with DELCORA. Furthermore, DELCORA's operating costs are directly related to the service charges it incurs from the City of Philadelphia ("Philadelphia") under an agreement it has with Philadelphia. DELCORA is expecting significant increases in the service charges it incurs from Philadelphia under a 15 year contract agreement with the City that was effective April 1, 2013. Due to the uncertainty surrounding DELCORA's negotiations with Philadelphia, RHM Sewer Authority expects to incur significantly higher service charges in future years. RHM Sewer Authority may be required to upgrade its sewer infrastructure and share in the cost of certain downstream improvements by DCJA.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

In addition, RHM Sewer Authority may consider constructing a parallel interceptor sewer, in future years, to alleviate capacity limitations in related existing segments downstream.

NOTE 14 RECLASSIFICATION OF FUND BALANCE

The following 2016 amounts have been reclassified due to the Township consolidating the Police K-9 Fund into the General Fund for the current year.

	General Fund	Nonmajor Governmental Funds
Beginning Fund Balance	\$ 10,616,871	\$ 616,207
Consolidation of Police K-9 Fund	21,380	(21,380)
Restated Beginning Fund Balance	\$ 10,638,251	\$ 594,827

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements that were implemented by the Township during the year ended December 31, 2017.

GASB issued Statement No. 74, *“Financial Reporting for Postemployment Benefits Other Than Pension Plans”*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement was implemented for the Township’s reporting period ending December 31, 2017 and the related disclosures are in Note 8.

GASB issued Statement No. 80, *“Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14”*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The adoption of Statement No. 80 had no impact on the Township’s financial statements.

GASB issued Statement No. 81, *“Irrevocable Split-Interest Agreements”*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of Statement No. 81 had no impact on the Township’s financial statements.

GASB issued Statement No. 82, *“Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73”*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. The adoption of Statement No. 82 had no impact on the Township’s financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Township:

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017.

Management has performed an analysis of the effect of the adoption of this statement as of December 31, 2017. The following shows the changes in the statement of net position assuming adoption.

	As Reported	GASB 75
Other Assets	\$ 25,753,574	\$ 25,753,574
Capital Assets	64,515,398	64,515,398
Total Assets	90,268,972	90,268,972
Deferred Outflows of Resources		
Deferred Charge on Refunding	2,168,239	2,168,239
Pensions	5,212,176	5,212,176
Total Deferred Outflows of Resources	7,380,415	7,380,415
Liabilities		
Accounts Payable and Accrued Liabilities	2,133,742	2,133,742
Other Current Liabilities	2,150,637	2,150,637
Noncurrent Liabilities:		
Due Within One Year	4,645,597	4,645,597
Due in More than One Year	58,584,220	58,584,220
Net Pension Liability	18,353,464	18,353,464
Other Postemployment Benefits	23,139,757	44,100,470
Total Liabilities	109,007,417	129,968,130
Deferred Inflows of Resources		
Pensions	3,324,548	3,324,548
Total Deferred Outflows of Resources	3,324,548	3,324,548
Net Position		
Net Investment in Capital Assets	7,590,283	7,590,283
Restricted:	847,611	847,611
Unrestricted (Deficit)	(23,120,472)	(44,081,185)
Total Net Position (Deficit)	\$ (14,682,578)	\$ (35,643,291)

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address the accounting and financial reporting for certain asset retirement obligations (AROs). The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2018. The Township has not yet completed the process of evaluating the impact of GASB 83 on its financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. The provisions of this Statement are effective for financial statements in periods beginning after December 15, 2018. The Township has not yet completed the process of evaluating the impact of GASB 84 on its financial statements.

In May 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017. The Township has not yet completed the process of evaluating the impact of GASB 85 on its financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of debt extinguishment. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017. The Township has not yet completed the process of evaluating the impact of GASB 86 on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Township is required to adopt statement No. 87 for its calendar year 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Township is required to adopt statement No. 88 for its calendar year 2019 financial statements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 16 COMPLIANCE

The following funds had excess of actual expenditures over budget for the year ended December 31, 2017:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess over Appropriations</u>
Sewer Fund	\$ 5,308,652	\$ 6,488,401	\$ 1,179,749
State Liquid Fuels Tax Fund	110,000	370,340	260,340

Excess fund balances provide the funds to cover the excess expenditures.

NOTE 17 SUBSEQUENT EVENTS

A 10-year lease was signed on June 12, 2018 by Radnor Township providing the Willows Park Preserve with the right to operate the Willows mansion. Additionally, a revitalization project has been undertaken on the Willows mansion with the Township pledging \$1.8 million towards the \$2.8 million project which is scheduled to begin in 2019.

The Township has evaluated all subsequent events through the report issue date of June 25, 2018.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
POLICE AND CIVILIAN PENSION PLANS
10 YEARS ENDED DECEMBER 31, 2017**

Police Pension Plan

Valuation Date	Actuarially Determined Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions Recognized by Plan as a % of Covered Employee Payroll
2017	\$ 2,322,459	\$ 2,322,459	\$ -	\$ 5,127,356	45.3%
2016	2,292,575	2,292,575	-	5,045,453	45.4%
2015	2,190,861	2,190,861	-	4,593,099	47.7%
2014	2,160,223	2,160,223	-	4,535,114	47.6%
2013	1,730,673	3,212,915	(1,482,242)	*	
2012	855,232	1,010,418	(155,186)	3,894,876	25.9%
2011	822,301	822,301	-	*	
2010	558,404	558,404	-	3,883,113	14.4%
2009	534,000	534,000	-	*	
2008	522,000	522,000	-	4,063,213	12.8%

Civilian Pension Plan

Valuation Date	Actuarially Determined Contributions	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Payroll	Contributions Recognized by Plan as a % of Covered Employee Payroll
2017	\$ 1,852,440	\$ 1,852,440	\$ -	\$ 5,615,678	33.0%
2016	1,845,031	1,845,031	-	5,499,334	33.6%
2015	2,020,351	2,020,351	-	5,864,834	34.4%
2014	1,979,695	1,979,695	-	5,893,475	33.6%
2013	1,779,371	3,214,693	(1,435,322)	*	
2012	1,280,125	1,435,311	(155,186)	5,532,690	25.9%
2011	1,252,960	1,252,960	-	*	
2010	717,342	717,342	-	5,899,799	12.2%
2009	881,500	881,500	-	*	
2008	840,000	840,000	-	6,399,653	13.1%

Actuarially determined contributions rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	8 year aggregate (Civilian); 11 years aggregate (Police)
Asset valuation method	4-year smoothing
Inflation	3.0%
Salary increases	5.0% including inflation
Investment rate of return	7.5% net of investment expenses not funded through the MMO, and including inflation
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment with rates set forward 5 years for disabled lives
Change in assumption	Effective January 1, 2019 the maximum cap on the AVA was increased 130% per Act 44.

Effective January 1, 2011 the interest rate was lowered from 8.0% to 7.5%, salary scale was lowered to 5.0% with 20% increase in last year of pay, mortality assumption was updated and retirement rates were introduced, and pre-retirement load was eliminated.

Effective January 1, 2015 the rates of disability incidence was updated to rates based on the 2010 Social Security Administration's projections. 20% increase assumption for pay in the final year applied to disability benefits.

Notes to Schedule

* - Actuarial valuation not performed during this period, as such information is not available.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
POLICE AND CIVILIAN PENSION PLANS**

Average money-weighted rate of return, net of investment expense:

	<u>Police</u>	<u>Civilian</u>
2017	14.96%	14.54%
2016	6.14%	5.96%
2015	-0.07%	-0.03%
2014	6.01%	5.63%

Notes to Schedule

The Township adopted GASB 67 on a prospective basis in 2014; therefore only four years are presented.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS**

	Police		
	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 895,831	\$ 802,246	\$ 764,044
Interest	2,997,932	2,876,638	2,777,216
Changes of Benefit Terms	-	-	-
Differences Between Actual and Expected Experience, if any	(998,914)	-	1,339,767
Assumptions Changes	2,478,529	-	159,012
Benefit Payments, Including Refunds of Employee Contributions	(2,270,060)	(2,242,068)	(2,265,169)
Net change in Total Pension Liability	3,103,318	1,436,816	2,774,870
Total Pension Liability - Beginning	40,090,513	38,653,697	35,878,827
Total Pension Liability - Ending (a)	<u>\$ 43,193,831</u>	<u>\$ 40,090,513</u>	<u>\$ 38,653,697</u>
Plan Fiduciary Net Position			
Contributions - Employer and State Aid	\$ 2,322,459	\$ 2,292,575	\$ 2,190,861
Contributions - Member	135,856	165,078	149,817
Net Investment Income	4,148,892	1,618,766	(16,863)
Benefit Payments	(2,270,060)	(2,242,068)	(2,265,169)
Administrative Expense	(74,649)	(75,281)	(79,079)
Miscellaneous	10,029	250	250
Net Change in Plan Fiduciary Position	4,272,527	1,759,320	(20,183)
Plan Fiduciary Net Position - Beginning	28,038,511	26,279,191	26,299,374
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,311,038</u>	<u>\$ 28,038,511</u>	<u>\$ 26,279,191</u>
Net Pension Liability (a) - (b)	<u>\$ 10,882,793</u>	<u>\$ 12,052,002</u>	<u>\$ 12,374,506</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.8%	69.9%	68.0%
Covered Payroll	\$ 5,127,356	\$ 5,045,453	\$ 4,593,099
Net Pension Liability as a Percentage of Covered Payroll	212.2%	238.9%	269.4%

Notes to schedule

* Actuarially Determined Contributions

* Actual Contributions as a Percentage of Covered Employee Payroll

* Actual Money Weighted Rate of Return, Net of Investment Expense

* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
CIVILIAN PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS**

	Civilian		
	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 632,230	\$ 639,178	\$ 694,479
Interest	2,577,028	2,466,118	2,360,239
Changes of Benefit Terms	-	-	-
Differences Between Actual and Expected Experience, if any	(1,454,118)	-	146,376
Assumptions Changes	2,756,503	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,875,268)	(1,602,731)	(1,573,218)
Net change in Total Pension Liability	<u>2,636,375</u>	<u>1,502,565</u>	<u>1,627,876</u>
Total Pension Liability - Beginning	<u>34,531,832</u>	<u>33,029,267</u>	<u>31,401,391</u>
Total Pension Liability - Ending (a)	<u>\$ 37,168,207</u>	<u>\$ 34,531,832</u>	<u>\$ 33,029,267</u>
Plan Fiduciary Net Position			
Contributions - Employer and State Aid	\$ 1,852,440	\$ 1,845,031	\$ 2,020,351
Contributions - Member	285,314	293,274	291,807
Net Investment Income	3,708,161	1,429,380	(9,292)
Benefit Payments	(1,875,268)	(1,602,731)	(1,573,218)
Administrative Expense	(67,076)	(65,649)	(70,039)
Refund of Member Contributions	16	250	250
Net Change in Plan Fiduciary Position	<u>3,903,587</u>	<u>1,899,555</u>	<u>659,859</u>
Plan Fiduciary Net Position - Beginning	<u>25,793,949</u>	<u>23,894,394</u>	<u>23,234,535</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 29,697,536</u>	<u>\$ 25,793,949</u>	<u>\$ 23,894,394</u>
Net Pension Liability (a) - (b)	<u>\$ 7,470,671</u>	<u>\$ 8,737,883</u>	<u>\$ 9,134,873</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.9%	74.7%	72.3%
Covered Payroll	\$ 5,615,678	\$ 5,499,334	\$ 5,864,834
Net Pension Liability as a Percentage of Covered Payroll	133.0%	158.9%	155.8%

Notes to schedule

* Actuarially Determined Contributions

* Actual Contributions as a Percentage of Covered Employee Payroll

* Actual Money Weighted Rate of Return, Net of Investment Expense

* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
 OTHER POSTEMPLOYMENT BENEFIT PLANS
 YEAR ENDED DECEMBER 31, 2017**

Schedule of Funding Progress (Dollars in Thousands) :

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial valuation Date	Actuarial Value of Plan Assets	Actuarial accrued liability	Percentage Funded (1)/(2)	Unfunded (Overfunded Actuarial Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (Overfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
January 1, 2012	\$ -	\$ 52,143	0%	\$ 52,143	\$ 9,783	533%
2014	4,487	53,939	8.32%	49,452	11,167	443%
2016	5,696	54,429	10.47%	48,733	9,182	531%

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2013	\$ 4,588	36.66%
2014	4,489	126.97% *
2015	4,489	55.51%
2016	4,365	46.69%
2017	4,365	27.70%

Amortization Method Level Dollar, Open

Remaining Amortization Period 30

Actuarial Assumptions:

Investment 4.5%

* Prior to 2014, the Township was funding benefits on pay-as-you-go basis. During 2014, the Township created the OPEB Trust Fund and contributed \$3.68 million for the funding of the OPEB obligation. Current benefit payments continue to be made from the General Fund.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS**

	2017
Total OPEB Liability	
Service Cost	\$ 1,179,127
Interest	2,496,102
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	(1,589,903)
Net Change in Total OPEB Liability	2,085,326
Total OPEB Liability - Beginning	49,528,169
Total OPEB Liability - Ending (a)	\$ 51,613,495
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,226,963
Net Investment Income	724,221
Benefit Payments	(1,589,903)
Administrative Expense	(2,000)
Net Change in Plan Fiduciary Net Position	359,281
Plan Fiduciary Net Position - Beginning	7,153,744
Plan Fiduciary Net Position - Ending (b)	\$ 7,513,025
Net OPEB Liability - Ending (a) - (b)	\$ 44,100,470
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.56%
Covered Payroll	\$ 9,667,870
Net OPEB Liability as a Percentage of Covered Payroll	456.15%

Notes to Schedule

The Township adopted GASB 74 on a prospective basis in 2017; therefore only one year is presented.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF CONTRIBUTIONS OPEB PLAN
 LAST 10 YEARS**

	2017
Actuarially Determined Contribution	\$ -
Contribution in Relation to the Actuarially Determined Contributor	2,042,281
Contribution Deficiency (Excess)	\$ 2,042,281
Covered Payroll	\$ 9,667,870
Contributions as a Percentage of Covered Payroll	21.12%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of salary
Asset Valuation Method	Market Value
Inflation	2.75%
Healthcare Cost Trend Rates	
Medical/Vision	(2.00)% for Police and 1.00% Civilian
Prescription Drugs	10.00% for Police and 4.00% Civilian
Dental	3.00% for both Police and Civilian
Salary Increases	2.75%
Investment Rate of Return	6.50%
Retirement Age	50 and 25 years of service (Police) 62 and 5 years of service (Civilian)
Mortality	RP-2014 Mortality Table with 50% of Blue Collar Adjustment and rates set forward 5 years for disables RP-2014 Mortality Table (Civilian)

Notes to Schedule

The Township adopted GASB 74 on a prospective basis in 2017; therefore only one year is presented

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF INVESTMENT RETURNS OPEB PLAN**

Average money-weighted rate of return, net of investment expense:	<u>2017</u> 15.26%
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Notes to Schedule

The Township adopted GASB 74 on a prospective basis in 2017; therefore only one year is presented.

TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Real Estate Taxes	12,502,305	12,502,305	\$ 12,474,658	\$ (27,647)
Taxes Levied Under Local Tax Enabling Act	14,189,788	14,189,788	13,461,732	(728,056)
License and Permits	3,108,200	3,108,200	4,629,018	1,520,818
Fines, Forfeits and Costs	700,000	700,000	442,859	(257,141)
Interest and Rents	320,000	320,000	328,308	8,308
Grants and Gifts	1,440,220	1,440,220	1,504,600	64,380
Department Earnings	1,684,000	1,684,000	1,493,526	(190,474)
Refunds and Miscellaneous	326,000	326,000	212,257	(113,743)
Total Revenues	34,270,513	34,270,513	34,546,958	276,445
Expenditures:				
Current:				
General Government	2,954,769	3,140,844	2,969,973	170,871
Protection to Person and Property	10,614,749	10,698,987	10,861,834	(162,847)
Public Works	2,944,905	2,998,925	2,872,274	126,651
Highways	3,759,170	4,016,606	3,888,052	128,554
Library	885,507	885,507	882,737	2,770
Parks and Recreation	2,641,225	2,696,310	2,513,090	183,220
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	6,169,785	6,169,785	4,095,792	2,073,993
Total Expenditures	29,970,110	30,606,964	28,083,752	2,523,212
Excess of Revenues over (under) Expenditures	4,300,403	3,663,549	6,463,206	2,799,657
Other Financing sources/(uses):				
Transfers Out	(4,215,490)	(4,215,490)	(6,428,881)	(2,213,391)
Total Other Financing sources/(uses)	(4,215,490)	(4,215,490)	(6,428,881)	(2,213,391)
Net Change in Fund Balance	84,913	(551,941)	34,325	586,266
Fund Balance - Beginning of Year (Budgetary Basis)	11,853,873	11,853,873	9,610,235	(2,243,638)
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 11,938,786</u>	<u>\$ 11,301,932</u>	\$ 9,644,560	<u>\$ (1,657,372)</u>
Non-GAAP Budgetary Basis Reconciliation				
Add Other Unbudgeted General Fund Ending Fund Balance				
\$8 Million Settlement Fund			768,728	
Investigation Fund			4,688	
Police K9 Fund			526	
Fund Balance - General Fund - End of Year (GAAP Basis)			<u>\$ 10,418,502</u>	

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - SEWER FUND
YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 37,806	\$ 37,806	\$ 13,937	\$ (23,869)
Department Earnings	4,724,494	4,724,494	4,981,590	257,096
Refunds and Miscellaneous	13,288	13,288	29,964	16,676
Total Revenues	4,775,588	4,775,588	5,025,491	249,903
Expenditures:				
Current:				
Health and Sanitation	5,064,075	5,308,652	4,906,280	402,372
Capital Outlay	-	-	1,582,121	(1,582,121)
Total Expenditures	5,064,075	5,308,652	6,488,401	(1,179,749)
Excess of Revenues over (under) Expenditures	(288,487)	(533,064)	(1,462,910)	(929,846)
Other Financing Sources (Uses):				
Transfers In	-	-	1,750,000	(1,750,000)
Transfers Out	(344,356)	(344,356)	(344,356)	-
Total Other Financing Uses	(344,356)	(344,356)	1,405,644	(1,750,000)
Net Change in Fund Balance	(632,843)	(877,420)	(57,266)	(2,679,846)
Fund Balance - Beginning of Year (Budgetary Basis)	1,328,919	1,328,919	711,919	(617,000)
Fund Balance - End of Year	<u>\$ 696,076</u>	<u>\$ 451,499</u>	<u>\$ 654,653</u>	<u>\$ (3,296,846)</u>

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - PARK IMPROVEMENTS AND OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes Levied Under Local Tax Enabling Act	\$ 732,550	\$ 732,550	\$ 820,637	\$ 88,087
Interest and Rents	200	200	1,880	1,680
Total Revenues	<u>732,750</u>	<u>732,750</u>	<u>822,517</u>	<u>89,767</u>
Expenditures:				
Current:				
Parks and Recreation	-	7,000	-	7,000
Total Expenditures	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Excess of Revenues over (under) Expenditures	732,750	725,750	822,517	82,767
Other Financing Uses:				
Transfers Out	<u>(1,245,698)</u>	<u>(1,245,698)</u>	<u>(1,244,498)</u>	<u>1,200</u>
Total Other Financing uses	<u>(1,245,698)</u>	<u>(1,245,698)</u>	<u>(1,244,498)</u>	<u>1,200</u>
Net Change in Fund Balance	(512,948)	(519,948)	(421,981)	83,967
Fund Balance - Beginning of Year (Budgetary Basis)	<u>1,543,368</u>	<u>1,543,368</u>	<u>96,172</u>	<u>(1,447,196)</u>
Fund Balance - End of Year	<u>\$ 1,030,420</u>	<u>\$ 1,023,420</u>	<u>\$ (325,809)</u>	<u>\$ (1,363,229)</u>

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - STORM WATER FUND
YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 2,500	\$ 2,500	\$ 41,497	\$ 38,997
Department Earnings	1,063,000	1,063,000	1,081,056	18,056
Refunds and Miscellaneous	4,000	4,000	20,336	16,336
Total Revenues	<u>1,069,500</u>	<u>1,069,500</u>	<u>1,142,889</u>	<u>73,389</u>
Expenditures:				
Current:				
Health and Sanitation	89,009	444,881	226,192	218,689
Capital Outlay	-	-	68,675	(68,675)
Total Expenditures	<u>89,009</u>	<u>444,881</u>	<u>294,867</u>	<u>150,014</u>
Net Change in Fund Balance	980,491	624,619	848,022	223,403
Fund Balance - Beginning of Year (Budgetary Basis)	<u>2,417,076</u>	<u>2,417,076</u>	<u>2,711,190</u>	<u>294,114</u>
Fund Balance - End of Year	<u>\$ 3,397,567</u>	<u>\$ 3,041,695</u>	<u>\$ 3,559,212</u>	<u>\$ 517,517</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULES
YEAR ENDED DECEMBER 31, 2017

The budgets presented in the required supplementary information are prepared on the budgetary basis which is the modified accrual basis of accounting.

The General Fund balances include the \$8 Million Settlement Fund and Investigation Fund. These funds do not have adopted budgets and have been removed from the budget and actual statements. The table below shows the activity for those respective funds:

	General	Investigation	\$8M Settlement	Police K-9 Fund	Combined
Revenues					
Real Estate Taxes	\$ 12,474,658	\$ -	\$ -	\$ -	\$ 12,474,658
Taxes Levied Under Local Tax Enabling Act	13,461,732	-	-	-	13,461,732
License and Permits	4,629,018	-	-	-	4,629,018
Fines, Forfeits and Costs	442,859	25,300	-	-	468,159
Interest and Rents	328,308	16	4,751	-	333,075
Grants and Gifts	1,504,600	-	-	8,646	1,513,246
Department Earnings	1,493,526	-	-	1,776	1,495,302
Refunds and Miscellaneous	212,257	-	-	-	212,257
Total Revenues	34,546,958	25,316	4,751	10,422	34,587,447
Expenditures:					
Current:					
General Government	2,969,973	25,432	98,406	-	3,093,811
Protection to Person and Property	10,861,834	-	-	31,276	10,893,110
Public Works	2,872,274	-	-	-	2,872,274
Highways	3,888,052	-	-	-	3,888,052
Library	882,737	-	-	-	882,737
Parks and Recreation	2,513,090	-	-	-	2,513,090
Capital Outlay	-	-	139,449	-	139,449
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	4,095,792	-	-	-	4,095,792
Total Expenditures	28,083,752	25,432	237,855	31,276	28,378,315
Excess of Revenues over (under) Expenditures	6,463,206	(116)	(233,104)	(20,854)	6,209,132
Other Financing Uses:					
Transfers Out	(6,428,881)	-	-	-	(6,428,881)
Total Other Financing uses	(6,428,881)	-	-	-	(6,428,881)
Net Change in Fund Balance	34,325	(116)	(233,104)	(20,854)	(219,749)
Fund Balance - Beginning of Year (Budgetary Basis)	9,610,235	4,804	1,001,832	21,380	10,638,251
Fund Balance - End of Year (Budgetary Basis)	\$ 9,644,560	\$ 4,688	\$ 768,728	\$ 526	\$ 10,418,502

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**OTHER
SUPPLEMENTARY
INFORMATION**

**TOWNSHIP OF RADNOR, PENNSYLVANIA
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, taxes levied under the Local Enabling Tax Act (Act 511), licenses and permits, grants and gifts, and departmental earnings. Many of the important activities of the Township are accounted for in this Fund, including police and fire protection, community development, health, solid waste collection, street and highway maintenance, library, parks and recreation and general governmental administration. The \$8 Million Settlement Fund, Investigation Fund, and Police K-9 Fund are included in the General Fund for financial statement purposes but have been removed from budget to actual schedules as these funds do not have adopted budgets.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Real Estate Taxes	\$ 12,430,304	\$ 12,430,304	\$ 12,474,658	\$ 44,354
Taxes Levied Under Local Tax Enabling Act				
Real Estate Transfer Tax	2,202,650	2,202,650	2,461,911	259,261
Mercantile	1,406,427	1,406,427	1,126,429	(279,998)
Business Privilege	9,550,267	9,550,267	8,827,796	(722,471)
Emergency Municipal Services	991,700	991,700	1,033,643	41,943
Amusement	37,000	37,000	11,953	(25,047)
Total Taxes Levies Under Local Tax Enabling Act	14,188,044	14,188,044	13,461,732	(726,312)
License and Permits				
Beverage	12,000	12,000	12,150	150
Building, Electrical and Plumbing	1,743,000	1,743,000	3,474,817	1,731,817
Public Works and Engineering	257,000	257,000	143,806	(113,194)
Rental Housing	173,000	173,000	174,506	1,506
Health and Fire Prevention	81,000	81,000	86,437	5,437
Subdivision, Design and Zoning	29,000	29,000	47,075	18,075
Cable TV Franchise	747,600	747,600	611,827	(135,773)
Certificate of Occupancy	64,000	64,000	71,350	7,350
Sewage Enforcement	8,000	8,000	7,050	(950)
Dorm Inspection Program	24,000	24,000	-	(24,000)
Total License and Permits	3,138,600	3,138,600	4,629,018	1,490,418
Fines, Forfeits and Costs				
Fines Levied by Police	540,000	540,000	278,019	(261,981)
Fines Levied by District Justice	230,639	230,639	164,840	(65,799)
Total Fines, Forfeits and Costs	770,639	770,639	442,859	(327,780)
Interest and Rents				
Interest Earned on Investments	127,500	127,500	203,498	75,998
Other	135,000	135,000	124,810	(10,190)
Total Interest and Rents	262,500	262,500	328,308	65,808
Revenues - Forward	\$ 30,790,087	\$ 30,790,087	\$ 31,336,575	\$ 546,488

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
Revenues - Forward	\$ 30,790,087	\$ 30,790,087	\$ 31,336,575	\$ 546,488
Grants and Gifts - Other Federal and State	1,338,323	1,338,323	1,504,600	166,277
Department Earnings				
Parking Meter Fees	488,706	488,706	437,553	(51,153)
Police Extra Duty and Alarm Fees	350,520	350,520	322,701	(27,819)
Recreational Program Fees	425,000	425,000	560,463	135,463
Other	351,568	351,568	172,809	(178,759)
Total Departmental Earnings	1,615,794	1,615,794	1,493,526	(122,268)
Refunds and Miscellaneous				
Sale of Recycled Materials	25,000	25,000	4,258	(20,742)
Other	286,000	286,000	207,999	(78,001)
Total Refunds and Miscellaneous	311,000	311,000	212,257	(98,743)
Total Revenues	34,055,204	34,055,204	34,546,958	491,754
Total Revenues and Other Financing Sources	\$ 34,055,204	\$ 34,055,204	\$ 34,546,958	\$ 491,754

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Administration	904,844	936,224	970,001	\$ (33,777)
Finance	1,095,752	1,206,695	1,008,989	197,706
Tax Collection	41,691	46,095	37,091	9,004
Information Technology	345,252	353,862	379,669	(25,807)
Township Buildings	567,230	597,968	574,223	23,745
Total General Government	2,954,769	3,140,844	2,969,973	170,871
Protection to Person and Property				
Community Development	1,090,056	1,107,017	1,076,454	30,563
Police Protection	8,603,072	8,668,608	8,934,206	(265,598)
Fire Protection	921,621	923,362	851,174	72,188
Total Protection to Person and Property	10,614,749	10,698,987	10,861,834	(162,847)
Public Works				
Solid Waste Collection	2,944,905	2,998,925	2,863,440	135,485
Engineering	794,356	945,567	1,243,665	(298,098)
Streets and Highways:				
General Services	1,914,490	1,940,578	1,732,248	208,330
Street Cleaning	3,500	3,500	2,372	1,128
Snow and Ice Removal	209,500	242,350	174,777	67,573
Traffic Signals and Signs	84,050	89,440	105,123	(15,683)
Street Lighting	292,125	321,359	212,203	109,156
Curbs and Sidewalks	4,100	7,581	8,843	(1,262)
Storm Sewers, Drainage	3,793	5,494	15,246	(9,752)
Repairs, Tools and Machinery	399,213	403,891	396,418	7,473
Road Maintenance and Repairs	54,043	56,846	5,991	50,855
Total Public Works	6,704,075	7,015,531	6,760,326	255,205
Library	885,507	885,507	882,737	2,770
Expenditures - Forward	\$ 21,159,100	\$ 21,740,869	\$ 21,474,870	\$ 265,999

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
Expenditures - Forward	\$ 21,159,100	\$ 21,740,869	\$ 21,474,870	\$ 265,999
Parks and Recreation				
Administration	349,294	350,844	331,622	19,222
Parks Maintenance	1,850,563	1,887,275	1,811,684	75,591
Shade Trees	100,000.00	103,125.00	-	103,125
Recreation Programs	301,368	306,712	306,754	(42)
Sulpizio Gym	40,000	48,354	63,030	(14,676)
Total Parks and Recreation	2,641,225	2,696,310	2,513,090	183,220
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	6,169,785	6,169,785	4,095,792	2,073,993
Total Expenditures	29,970,110	30,606,964	28,083,752	2,523,212
Other Financing Sources:				
Transfers Out	4,244,970	4,244,970	6,428,881	2,183,911
Total Other Financing Uses	4,244,970	4,244,970	6,428,881	2,183,911
Total Expenditures and Other Financing Uses	\$ 34,215,080	\$ 34,851,934	\$ 34,512,633	\$ 4,707,123

**TOWNSHIP OF RADNOR, PENNSYLVANIA
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2017**

The Debt Service Fund is comprised of restricted funds used to account for the accumulation of financial resources for, and payment of, debt interest and principal payments on the outstanding long-term debt obligations of the Township.

TOWNSHIP OF RADNOR, TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 110,519	\$ 110,519	\$ 33,478	\$ (77,041)
Total Revenues	110,519	110,519	33,478	(77,041)
Expenditures:				
Debt Service				
Principal Retirement	2,810,000	2,810,000	2,810,000	-
Interest	1,926,058	1,926,058	1,926,058	-
Total Expenditures	4,736,058	4,736,058	4,736,058	-
Excess of Revenues over (under) Expenditures	(4,625,539)	(4,625,539)	(4,702,580)	(77,041)
Other Financing Sources:				
Operating Transfers In	4,625,539	4,625,539	4,625,538	(1)
Total Other Financing Sources	4,625,539	4,625,539	4,625,538	(1)
Net Change in Fund Balance	-	-	(77,042)	(77,042)
Fund Balance - Beginning of Year (Budgetary Basis)	905,913	905,913	994,620	88,707
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 905,913</u>	<u>\$ 905,913</u>	<u>\$ 917,578</u>	<u>\$ 11,665</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
MAJOR CAPITAL PROJECT FUNDS WITH LEGALLY ADOPTED BUDGET
YEAR ENDED DECEMBER 31, 2017

Capital projects funds are used to account for financial resources intended to be used for the acquisition, construction or reconstruction of Township assets and facilities. Resources of the capital projects funds are derived primarily from bond proceeds, contributions, and grants.

- The Capital Improvements Fund is a major capital projects fund with a legally adopted budget. The Capital Improvements Fund is to be used for various capital acquisitions and improvements of the Township.

- The Special Assessment Fund is a capital projects fund with a legally adopted budget. The special assessment fund is used to account for financial resources to be used for installing sanitary sewers, sidewalks, and curbing in the Township. This fund also accounts for the collection of special assessment taxes levied to finance public improvements or services deemed to benefit the properties assessed. Special assessment taxes are primarily used to finance the improvements.

TOWNSHIP OF RADNOR, TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 76,136	\$ 6,000	\$ 76,136	\$ 70,136
Grants and Gifts	1,052,753	-	1,052,753	1,052,753
Refunds and Miscellaneous	18,432	200,000	18,432	(181,568)
Total Revenues	1,147,321	206,000	1,147,321	941,321
Expenditures:				
Current:				
General Government	308,966	-	308,966	(308,966)
Protection to Person and Property	175,902	-	175,902	(175,902)
Public Works	514	-	514	(514)
Highways	310,776	-	310,776	(310,776)
Parks and Recreation	-	2,163,498	-	2,163,498
Library	554,198	5,528,220	554,198	4,974,022
Capital Outlay	7,354,114	2,837,907	7,354,114	(4,516,207)
Total Expenditures	8,704,470	10,529,625	8,704,470	1,825,155
Excess of Revenues over (under) Expenditures	(7,557,149)	(10,323,625)	(7,557,149)	2,766,476
Other Financing sources/(uses):				
Capital Lease Acquisition	-	-	511,638	511,638
Transfers In	1,166,777	1,221,324	1,617,736	396,412
Total Other Financing sources/(uses)	1,166,777	1,221,324	2,129,374	908,050
Net Change in Fund Balance	(6,390,372)	(9,102,301)	(5,427,775)	3,674,526
Fund Balance - Beginning of Year (Budgetary Basis)	1,610,494	1,610,494	10,453,198	8,842,704
Fund Balance - End of Year (Budgetary Basis)	\$ (4,779,878)	\$ (7,491,807)	\$ 5,025,423	\$ 12,517,230

TOWNSHIP OF RADNOR, TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - SPECIAL ASSESSMENT FUND
YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 4,325	\$ 4,325	\$ 3,250	\$ (1,075)
Department Earnings	-	-	7,942	7,942
Total Revenues	4,325	4,325	11,192	6,867
Other Financing Uses:				
Operating Transfers Out	(45,539)	(45,539)	(45,539)	-
Total Other Financing Uses	(45,539)	(45,539)	(45,539)	-
Net Change in Fund Balance	(41,214)	(41,214)	(34,347)	6,867
Fund Balance - Beginning of Year (Budgetary Basis)	197,026	197,026	199,228	2,202
Fund Balance - End of Year (Budgetary Basis)	\$ 155,812	\$ 155,812	\$ 164,881	\$ 9,069

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

The Township's nonmajor funds are as follows:

Special Revenue Funds

Account for the proceeds of specific revenue sources (other than special assessments, expandable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

- The State Liquid Fuels Tax Fund, as required by state law, accounts for receipts from the State Motor License Fund (gasoline tax distribution, etc.) and the transfer of funds to the General Fund to cover allowable highway-related expenditures.

- The Commemorative Shade Tree Fund derives its revenues from contributions, escrows, fines and/or penalties assessed as a result of improper tree removal situations to be used for planting trees.

- The Trail Grant Fund will be used to account for the activity associated with approved grants in accordance with the grant requirements that the Township deposit the funds into segregated interest bearing accounts.

- The Recreational Fee Fund derives its revenues from fees collected from land development to insure adequate park and recreational areas and facilities to serve the future residents of the Township.

TOWNSHIP OF RADNOR, PENNSYLVANIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	State Liquid Fuels Tax Fund	Commemorative Shade Tree Fund	Trail Grant Fund	Recreation Fee Fund	Total Nonmajor Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 924,252	\$ 150,077	\$ 34,850	\$ 325,892	\$ 1,435,071
Total Assets	<u>\$ 924,252</u>	<u>\$ 150,077</u>	<u>\$ 34,850</u>	<u>\$ 325,892</u>	<u>\$ 1,435,071</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 336,073	\$ 3,499	\$ -	\$ -	\$ 339,572
Due to Other Funds	-	-	22,400	-	22,400
Total Liabilities	<u>336,073</u>	<u>3,499</u>	<u>22,400</u>	<u>-</u>	<u>361,972</u>
Fund Balances					
Restricted:					
State Liquid Fuels Tax	588,179	-	-	-	588,179
Committed					
Recreation Fee	-	-	12,450	325,892	338,342
Assigned					
Subsequent Year Budget	959,784	4,125	-	-	963,909
Other	-	142,453	-	-	142,453
Unassigned					
Other	(959,784)	-	-	-	(959,784)
Total Fund Balances	<u>588,179</u>	<u>146,578</u>	<u>12,450</u>	<u>325,892</u>	<u>1,073,099</u>
Total Liabilities and Fund Balances	<u>\$ 924,252</u>	<u>\$ 150,077</u>	<u>\$ 34,850</u>	<u>\$ 325,892</u>	<u>\$ 1,435,071</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	State Liquid Fuels Tax Fund	Commemorative Shade Tree Fund	Trail Grant Fund	Recreation Fee Fund	Total Nonmajor Governmental Funds
Revenues					
Fines, Forfeits and Costs	\$ -	\$ 850	\$ -	\$ -	\$ 850
Interest and Rents	4,691	855	184	1,759	7,489
Grants and Gifts	852,900	15,000	9,043	-	876,943
Total revenues	<u>857,591</u>	<u>16,705</u>	<u>9,227</u>	<u>1,759</u>	<u>885,282</u>
Expenditures					
Highways	343,477	-	-	-	343,477
Parks and Recreation	-	36,670	-	-	36,670
Capital Outlay	26,863	-	-	-	26,863
Total Expenditures	<u>370,340</u>	<u>36,670</u>	<u>-</u>	<u>-</u>	<u>407,010</u>
Excess of Revenues Over (Under) Expenditures	487,251	(19,965)	9,227	1,759	478,272
Fund Balance - Beginning of Year	<u>100,928</u>	<u>166,543</u>	<u>3,223</u>	<u>324,133</u>	<u>594,827</u>
Fund Balance - End of Year	<u>\$ 588,179</u>	<u>\$ 146,578</u>	<u>\$ 12,450</u>	<u>\$ 325,892</u>	<u>\$ 1,073,099</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATE LIQUID FUELS TAX FUND
YEAR ENDED DECEMBER 31, 2017

	State Liquid Fuels Tax		
	Budget	Actual	Variance
Revenues			
Interest and Rents	\$ 1,000	\$ 4,691	\$ 3,691
Grants and Gifts	829,316	852,900	23,584
Total Revenues	<u>830,316</u>	<u>857,591</u>	<u>27,275</u>
Expenditures:			
Highways	110,000	343,477	(233,477)
Capital Outlay	-	26,863	(26,863)
Total Expenditures	<u>110,000</u>	<u>370,340</u>	<u>(260,340)</u>
Net Change in Fund Balance	720,316	487,251	(233,065)
Fund Balance - Beginning of Year	<u>322,432</u>	<u>100,928</u>	<u>221,504</u>
Fund Balance - End of Year	<u>\$ 1,042,748</u>	<u>\$ 588,179</u>	<u>\$ (11,561)</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017

Fiduciary fund types are used to account for assets held by the Township as a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The funds included in this category are:

- Trust funds account for assets held by the Township in trust in the employees' retirement system. During the year, the Township had two such funds, the Police Pension Trust and the Civilian Employees Pension Trust.
 - Police Pension Trust funds account for contributions received and benefit payments made for the Radnor Township Police Pension Plan.
 - Civilian Employees Pension Trust funds account for contributions received and benefit payments made for the Radnor Township Civilian Pension Plan.
 - OPEB Trust fund accounts for contributions made by the Township to fund OPEB obligations.
- Agency funds are used to account for assets held by the Township as agent for individuals, private organizations, other governmental units, and/or other funds. During the year, the Township maintained one such fund. This fund is used to account for amounts collected and held awaiting the necessary legal requirements for distribution and are as follows:
 - Escrow Fund – This Fund accounts for deposits made to cover engineering and inspection costs related to zoning, subdivision and development activities. The Township acts as an agent for this Fund.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

	Pension Trust Funds				
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds	OPEB Reserve Trust Fund	Total Trust Fund
Assets					
Cash and Cash Equivalents	\$ 1,620,706	\$ 1,729,359	\$ 3,350,065	\$ 850,237	\$ 4,200,302
Investments	30,696,843	27,983,540	58,680,383	5,264,272	63,944,655
Life Insurance Cash Value	-	-	-	1,398,516	1,398,516
Receivables	21,596	3,346	24,942	-	24,942
Total Assets	<u>32,339,145</u>	<u>29,716,245</u>	<u>62,055,390</u>	<u>7,513,025</u>	<u>69,568,415</u>
Liabilities					
Accounts Payable	10,466	9,162	19,628	2,579	22,207
Refunds Payable	17,641	9,547	27,188	-	27,188
Total Liabilities	<u>28,107</u>	<u>18,709</u>	<u>46,816</u>	<u>2,579</u>	<u>49,395</u>
Net Position					
Net Position for Pensions	32,311,038	29,697,536	62,008,574	-	62,008,574
Held in Trust for OPEB Benefits	-	-	-	7,510,446	7,510,446
Total Fund Balances	<u>\$ 32,311,038</u>	<u>\$ 29,697,536</u>	<u>\$ 62,008,574</u>	<u>\$ 7,510,446</u>	<u>\$ 69,519,020</u>

**TOWNSHIP OF RADNOR, TOWNSHIP
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS**

	Pension Trust Funds				
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds	OPEB Reserve Trust Fund	Total Trust Fund
Additions:					
Contributions:					
Commonwealth of Pennsylvania Employer	\$ 385,413	\$ 353,296	\$ 738,709	\$ -	\$ 738,709
Members	1,937,046	1,499,144	3,436,190	1,209,209	4,645,399
	135,856	285,314	421,170	-	421,170
Total contributions	2,458,315	2,137,754	4,596,069	1,209,209	5,805,278
Investment Earning (Losses):					
Investment Gain (Loss)	3,500,495	3,116,592	6,617,087	610,160	7,227,247
Interest Earnings	655,966	598,329	1,254,295	114,061	1,368,356
Investment Expense	(7,569)	(6,760)	(14,329)	(1,000)	(15,329)
Net Investment Earnings (Losses)	4,148,892	3,708,161	7,857,053	723,221	8,580,274
Other Additions:					
Litigation and Other	10,029	16	10,045	-	10,045
Total Other Additions	10,029	16	10,045	-	10,045
Total Additions	6,617,236	5,845,931	12,463,167	1,932,430	14,395,597
Deductions:					
Benefit Payments	2,241,487	1,875,268	4,116,755	1,508,132	5,624,887
Refund of Contributions	28,573	-	28,573	915	29,488
Administrative Expenses	74,649	67,076	141,725	65,133	206,858
Total Deductions	2,344,709	1,942,344	4,287,053	1,574,180	5,861,233
Changes in Plan Net Position	4,272,527	3,903,587	8,176,114	358,250	8,534,364
Net Position Held in Trust for Pension Benefits:					
Beginning of Year	28,038,511	25,793,949	53,832,460	7,152,196	60,984,656
End of Year	<u>\$ 32,311,038</u>	<u>\$ 29,697,536</u>	<u>\$ 62,008,574</u>	<u>\$ 7,510,446</u>	<u>\$ 69,519,020</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED DECEMBER 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Escrow Fund				
Assets				
Cash and Cash Equivalents	<u>\$ 2,816,841</u>	<u>\$ 988,212</u>	<u>\$ 1,437,223</u>	<u>\$ 2,367,830</u>
Liabilities				
Deposits Payable	<u>2,816,841</u>	<u>988,212</u>	<u>1,437,223</u>	<u>2,367,830</u>
	<u>\$ 2,816,841</u>	<u>\$ 988,212</u>	<u>\$ 1,437,223</u>	<u>\$ 2,367,830</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2017

Governmental Funds Capital Assets	
Land	\$ 24,149,624
Land Improvements	5,445,772
Buildings	27,063,801
Infrastructure	23,917,987
Machinery and Equipment	18,475,851
Construction in Progress	<u>316,739</u>
Total Governmental Funds Capital Assets	99,369,774
Less: Accumulated Depreciation	<u>(34,854,376)</u>
Net Governmental Funds Capital Assets	<u><u>\$ 64,515,398</u></u>

Investment in Governmental Funds Capital Assets by Source	
General Fund	\$ 1,990,720
Special Revenue Funds	31,141,443
Capital Projects Funds	61,223,520
Sewer Fund	1,999,716
Storm Water Fund	723,608
Donations	<u>2,290,767</u>
Total Governmental Funds Capital Assets	99,369,774
Less: Accumulated Depreciation	<u>(34,854,376)</u>
Net Governmental Funds Capital Assets	<u><u>\$ 64,515,398</u></u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

Function and Activity	Land	Land Improvements	Buildings	Infrastructure	Machinery and Equipment	Total
General Government	\$ -	\$ -	\$ 16,035,129	\$ 256,358	\$ 2,457,935	\$ 18,749,422
Protection to Persons and Property	-	-	-	-	4,949,382	4,949,382
Health and Sanitation	-	-	-	2,423,031	2,410,147	4,833,178
Highways	-	26,863	4,746,352	20,606,772	7,145,274	32,525,261
Library	-	-	5,172,284	-	-	5,172,284
Parks and Recreation	24,149,624	5,418,909	1,110,036	631,826	1,513,113	32,823,508
Total Governmental Funds Capital Assets	24,149,624	5,445,772	27,063,801	23,917,987	18,475,851	99,053,035
Less: Accumulated Depreciation	-	(2,133,410)	(7,826,466)	(10,710,990)	(14,183,510)	(34,854,376)
Total	<u>\$ 24,149,624</u>	<u>\$ 3,312,362</u>	<u>\$ 19,237,335</u>	<u>\$ 13,206,997</u>	<u>\$ 4,292,341</u>	64,198,659
Construction in Progress						316,739
Net Governmental Funds Capital Assets						<u>\$ 64,515,398</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2017

Function and Activity	Balance at January 1, 2016	Increases	Decreases	Balance at December 31, 2016
General Government	\$ 18,609,973	\$ 139,449	\$ -	\$ 18,749,422
Protection to Persons and Property	4,733,845	215,537	-	4,949,382
Health and Sanitation	3,181,737	1,651,441	-	4,833,178
Highways	31,784,062	741,199	-	32,525,261
Library	1,195,247	3,977,037	-	5,172,284
Parks and Recreation	30,376,949	2,446,559	-	32,823,508
Total Governmental Funds Capital Assets	89,881,813	9,171,222	-	99,053,035
Construction in Progress	316,739	-	-	316,739
Less: Accumulated Depreciation	(31,996,474)	(2,857,902)	-	(34,854,376)
Net Governmental Funds Capital Assets	<u>\$ 58,202,078</u>	<u>\$ 6,313,320</u>	<u>\$ -</u>	<u>\$ 64,515,398</u>

**STATISTICAL
SECTION**
(Unaudited)

Statistical Section

This part of the Township of Radnor's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

Contents:

- Schedule 1 – Net Position by Component
- Schedule 2 – Changes in Net Position
- Schedule 3 – Program Revenues by Function / Program
- Schedule 4 – Fund Balances, Governmental Funds
- Schedule 5 – Changes in Fund Balance, Governmental Funds
- Schedule 6 – Tax Revenue by Source, Governmental Funds
- Schedule 7 – Assessed Value and Estimated Actual Value of Taxable Property
- Schedule 8 – Direct and Overlapping Property Tax Rates
- Schedule 9 – Principal Property Taxpayers
- Schedule 10 – Property Tax Levies and Collections
- Schedule 11 – Business Privilege and Mercantile Taxes, Revenue Base and Collections
- Schedule 12 – Principal Business Privilege and Mercantile Tax Remitters
- Schedule 13 – Ratio of Net General Bonded Debt Outstanding
- Schedule 14 – Direct and Overlapping Governmental Activities Debt
- Schedule 15 – Legal Debt Margin Information
- Schedule 16 – Demographic and Economic Statistics
- Schedule 17 – Principal Employers
- Schedule 18 – Full Time Equivalent Township Government Employees by Function / Program
- Schedule 19 – Operating Indicators by Function / Program
- Schedule 20 – Capital Asset Statistics by Function / Program

Sources: Unless otherwise noted, the information in the Statistical Schedules is derived from the Comprehensive Annual Financial Report or the Basic Financial Report for the relevant year. The Township implemented Statement 34 in 2003; schedules presenting government-wide results include information beginning in that year.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 1 - NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net Investment in Capital Assets	\$ 843,265	\$ 1,695,503	\$ 3,350,750	\$ 3,738,196	\$ 5,047,878	\$ (5,322,939)	\$ 553,632	\$ 4,977,068	\$ 6,590,900	\$ 7,590,283
Restricted	-	-	-	5,636,058	6,723,380	5,399,445	6,007,738	6,852,941	662,321	847,611
Unrestricted (deficiency)	<u>(4,439,017)</u>	<u>(9,987,170)</u>	<u>(13,968,543)</u>	<u>(18,143,325)</u>	<u>(18,232,322)</u>	<u>2,822,433</u>	<u>(2,403,145)</u>	<u>(26,809,672)</u>	<u>(22,949,045)</u>	<u>(23,120,472)</u>
Total Net Position, governmental activities	\$ (3,595,752)	\$ (8,291,667)	\$ (10,617,793)	\$ (8,769,071)	\$ (6,461,064)	\$ 2,898,939	\$ 4,158,225	\$ (14,979,663)	\$ (15,695,824)	\$ (14,682,578)
Business-type activities										
Net Investment in Capital Assets	\$ 37,500	\$ 30,000	\$ 22,500	\$ 92,609	\$ 98,764	\$ 88,873	\$ 86,482	\$ 84,091	\$ 81,700	\$ 79,309
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficiency)	<u>(79,103)</u>	<u>29,640</u>	<u>11,222</u>	<u>65,447</u>	<u>68,963</u>	<u>(2,936)</u>	<u>(15,196)</u>	<u>15,631</u>	<u>(320)</u>	<u>15,293</u>
Total Net Position, business-type activities	\$ (41,603)	\$ 59,640	\$ 33,722	\$ 158,056	\$ 167,727	\$ 85,937	\$ 71,286	\$ 99,722	\$ 81,380	\$ 94,602
Primary government										
Net Investment in Capital Assets	\$ 880,765	\$ 1,725,503	\$ 3,373,250	\$ 3,830,805	\$ 5,146,642	\$ (5,234,066)	\$ 640,114	\$ 5,061,159	\$ 6,672,600	\$ 7,669,592
Restricted	-	-	-	5,636,058	6,723,380	5,399,445	6,007,738	6,852,941	662,321	847,611
Unrestricted (deficiency)	<u>(4,518,120)</u>	<u>(9,957,530)</u>	<u>(13,957,321)</u>	<u>(18,077,878)</u>	<u>(18,163,359)</u>	<u>2,819,497</u>	<u>(2,418,341)</u>	<u>(26,794,041)</u>	<u>(22,949,365)</u>	<u>(23,105,179)</u>
Total Net Position, primary government	\$ (3,637,355)	\$ (8,232,027)	\$ (10,584,071)	\$ (8,611,015)	\$ (6,293,337)	\$ 2,984,876	\$ 4,229,511	\$ (14,879,941)	\$ (15,614,444)	\$ (14,587,976)

Note:

- As of the financial statement date December 31, 2012, the following title have changed:
- Schedule 1 - Net Position by Component - formerly titled Net Assets by Component
 - Net Investment in Capital Assets - formerly titled as Invested in Capital Assets, net of related debt
 - Total Net Position (by activity) - formerly titled as Total Net Assets/(Deficiency) (by activity)

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 2 - CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Government activities										
General government	\$ 4,412,462	\$ 4,010,008	\$ 3,884,263	\$ 4,267,630	\$ 4,110,480	\$ 4,027,041	\$ 5,691,986	\$ 4,138,635	\$ 5,094,200	\$ 4,685,891
Protection to persons and property	11,010,789	10,837,731	11,148,431	10,697,442	11,313,565	12,745,479	13,505,092	15,012,436	16,165,836	16,072,269
Health and sanitation	8,243,298	8,280,877	7,744,284	7,703,327	8,188,645	8,733,554	8,824,642	8,816,933	9,448,343	9,224,984
Highways	5,019,350	4,517,841	4,639,667	4,700,904	4,819,026	6,021,919	6,374,657	7,010,773	5,914,620	5,968,439
Library	847,382	847,382	815,650	733,821	818,443	849,850	899,290	901,839	896,770	1,436,935
Parks and recreation	3,575,198	3,093,348	3,275,958	3,067,398	3,046,785	3,725,915	3,576,358	3,318,754	3,724,807	3,237,902
Interest on long-term debt	<u>2,544,461</u>	<u>2,415,864</u>	<u>2,341,738</u>	<u>2,046,102</u>	<u>1,968,757</u>	<u>1,812,689</u>	<u>1,910,392</u>	<u>1,934,553</u>	<u>1,978,241</u>	<u>1,978,936</u>
Total governmental activities net assets	\$ 35,652,940	\$ 34,003,051	\$ 33,849,991	\$ 33,216,624	\$ 34,265,701	\$ 37,916,447	\$ 40,782,417	\$ 41,133,923	\$ 43,222,817	\$ 42,605,356
Business-type activities										
The Willows	<u>114,246</u>	<u>91,835</u>	<u>248,307</u>	<u>94,912</u>	<u>82,902</u>	<u>64,090</u>	<u>14,663</u>	<u>36,575</u>	<u>33,375</u>	<u>56,900</u>
Total business-type activities net assets	\$ 114,246	\$ 91,835	\$ 248,307	\$ 94,912	\$ 82,902	\$ 64,090	\$ 14,663	\$ 36,575	\$ 33,375	\$ 56,900
Total primary government expenses	\$ 35,767,186	\$ 34,094,886	\$ 34,098,298	\$ 33,311,536	\$ 34,348,603	\$ 37,980,537	\$ 40,797,080	\$ 41,170,498	\$ 43,256,192	\$ 42,662,256
Program revenues										
Government activities										
Charges for services:										
General government	\$ 567,017	\$ 589,028	\$ 1,381,391	\$ 875,742	\$ 1,080,385	\$ 1,179,348	\$ 1,133,685	\$ 1,332,990	\$ 1,186,839	\$ 1,349,278
Protection to persons and property	3,276,796	2,032,627	2,581,873	3,117,019	3,697,080	3,552,696	4,352,438	4,314,993	4,173,747	4,797,268
Health and sanitation	5,142,404	5,524,916	4,495,789	5,023,688	5,144,615	5,029,173	5,680,287	6,459,830	6,125,471	6,340,433
Highways	125,792	79,468	59,196	87,765	95,777	92,817	128,600	258,197	56,808	32,184
Library	-	-	-	-	-	-	-	-	-	500,000
Parks and recreation	581,365	722,357	699,190	702,057	684,126	647,417	730,164	1,080,811	924,738	665,978
Operating grants and contributions	1,721,290	1,593,526	1,842,782	3,413,688	1,937,762	2,092,665	2,512,484	1,417,037	1,472,579	1,504,600
Capital grants and contributions	<u>367,312</u>	<u>89,563</u>	<u>263,001</u>	<u>169,571</u>	<u>210,897</u>	<u>257,099</u>	<u>987,703</u>	<u>969,036</u>	<u>915,986</u>	<u>1,195,276</u>
Total governmental activities program revenues	\$ 11,781,976	\$ 10,631,485	\$ 11,323,222	\$ 13,389,530	\$ 12,850,642	\$ 12,851,215	\$ 15,525,361	\$ 15,832,894	\$ 14,856,168	\$ 16,385,017
Business-type activities										
The Willows	113,137	103,002	107,036	100,823	74,230	24,069	-	-	-	-
Capital grants and contributions	-	-	<u>122,022</u>	<u>111,577</u>	-	-	-	-	-	-
Total business-type activities program revenues	\$ 113,137	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230	\$ 24,069	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 11,895,113	\$ 10,734,487	\$ 11,552,280	\$ 13,601,930	\$ 12,924,872	\$ 12,875,284	\$ 15,525,361	\$ 15,832,894	\$ 14,856,168	\$ 16,385,017

Note:

As of the financial statement date December 31, 2012, the following title and descriptions have changed:
- Schedule 1 - Changes in Net Position - formerly titled Changes in Net Assets

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 2 - CHANGES IN NET POSITION (CONTINUED)
LAST TEN YEARS
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Government activities	\$ (23,870,964)	\$ (23,371,566)	\$ (22,526,769)	\$ (19,827,094)	\$ (21,415,059)	\$ (25,065,232)	\$ (25,257,056)	\$ (25,301,089)	\$ (28,366,649)	\$ (26,220,339)
Business-type activities	(1,109)	11,167	(19,249)	117,488	(8,672)	(40,021)	(14,663)	(36,575)	(33,375)	(56,900)
Total primary government net expense	<u>\$ (23,872,073)</u>	<u>\$ (23,360,399)</u>	<u>\$ (22,546,018)</u>	<u>\$ (19,709,606)</u>	<u>\$ (21,423,731)</u>	<u>\$ (25,105,253)</u>	<u>\$ (25,271,719)</u>	<u>\$ (25,337,664)</u>	<u>\$ (28,366,649)</u>	<u>\$ (26,277,239)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Real estate taxes	\$ 9,387,945	\$ 9,559,632	\$ 10,428,058	\$ 10,915,977	\$ 11,734,189	\$ 11,843,737	\$ 11,844,653	\$ 11,640,796	\$ 12,487,084	\$ 12,510,474
Taxes levied under Local Tax Enabling Act	11,597,425	8,869,630	10,484,186	10,107,822	11,808,104	23,308,687	14,377,967	15,705,050	14,699,271	14,282,369
Investment earnings	672,546	289,683	(198,428)	658,671	103,117	128,039	162,817	-	479,133	510,742
Special item - loss on demolition of building	-	-	-	-	-	-	-	-	-	-
Debt repayment agreements	-	-	-	-	95,933	60,175	130,905	-	-	-
Transfers	47,068	(43,024)	(40,071)	(6,654)	(18,277)	41,811	-	(65,000)	(15,000)	(70,000)
Total governmental activities	<u>\$ 21,704,984</u>	<u>\$ 18,675,921</u>	<u>\$ 20,673,745</u>	<u>\$ 21,675,816</u>	<u>\$ 23,723,066</u>	<u>\$ 35,382,449</u>	<u>\$ 26,516,342</u>	<u>\$ 27,280,846</u>	<u>\$ 27,650,488</u>	<u>\$ 27,233,585</u>
Business-type activities										
Investment earnings	\$ 247	\$ 76	\$ 236	\$ 192	\$ 66	\$ 42	\$ 12	\$ 11	\$ 33	\$ 122
Transfers	(47,068)	43,024	40,071	6,654	18,277	(41,811)	-	65,000	15,000	70,000
Total business-type activities	<u>\$ (46,821)</u>	<u>\$ 43,100</u>	<u>\$ 40,307</u>	<u>\$ 6,846</u>	<u>\$ 18,343</u>	<u>\$ (41,769)</u>	<u>\$ 12</u>	<u>\$ 65,011</u>	<u>\$ 15,033</u>	<u>\$ 70,122</u>
Total primary government	<u>\$ 21,658,163</u>	<u>\$ 18,719,021</u>	<u>\$ 20,714,052</u>	<u>\$ 21,682,662</u>	<u>\$ 23,741,409</u>	<u>\$ 35,340,680</u>	<u>\$ 26,516,354</u>	<u>\$ 27,345,857</u>	<u>\$ 27,665,521</u>	<u>\$ 27,303,707</u>
Changes in Net Position										
Governmental activities	\$ (2,165,980)	\$ (4,695,645)	\$ (1,853,024)	\$ 1,848,722	\$ 2,308,007	\$ 10,317,217	\$ 1,259,286	\$ 1,979,757	\$ (716,161)	\$ 1,013,246
Business-type activities	(47,930)	54,267	21,058	124,334	9,671	(81,790)	(14,651)	28,436	(18,342)	13,222
Total primary government	<u>\$ (2,213,910)</u>	<u>\$ (4,641,378)</u>	<u>\$ (1,831,966)</u>	<u>\$ 1,973,056</u>	<u>\$ 2,317,678</u>	<u>\$ 10,235,427</u>	<u>\$ 1,244,635</u>	<u>\$ 2,008,193</u>	<u>\$ (734,503)</u>	<u>\$ 1,026,468</u>

Note:

As of the financial statement date December 31, 2012, the following title and descriptions have changed:
- Schedule 1 - Changes in Net Position - formerly titled Changes in Net Assets

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 3 - PROGRAM REVENUES BY FUNCTION / PROGRAM
LAST TEN YEARS
(accrual basis of accounting)

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
General government	\$ 679,916	\$ 689,331	\$ 1,583,408	\$ 1,116,029	\$ 1,309,789	\$ 1,451,142	\$ 1,277,095	\$ 2,157,309	\$ 2,190,774	\$ 2,446,890
Protection to persons and property	3,595,865	2,320,267	2,866,539	4,211,647	4,345,358	4,356,925	5,120,225	4,709,615	4,538,478	5,120,842
Health and sanitation	5,645,388	5,713,690	4,894,094	5,846,443	5,356,070	5,183,809	6,444,208	6,541,072	6,125,471	6,340,433
Highways	1,014,163	1,033,962	1,066,586	1,027,950	1,069,032	1,121,634	975,051	1,182,481	973,620	968,498
Library	-	-	-	-	-	-	-	-	-	833,333
Parks and recreation	846,644	874,235	912,595	1,187,461	770,393	737,705	1,708,782	1,242,357	1,027,825	675,021
Subtotal governmental activities	\$ 11,781,976	\$ 10,631,485	\$ 11,323,222	\$ 13,389,530	\$ 12,850,642	\$ 12,851,215	\$ 15,525,361	\$ 15,832,834	\$ 14,856,168	\$ 16,385,017
Business-type activities										
The Willows	113,137	103,002	229,058	212,400	74,230	24,069	-	-	-	-
Subtotal business-type activities	\$ 113,137	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230	\$ 24,069	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 11,895,113	\$ 10,734,487	\$ 11,552,280	\$ 13,601,930	\$ 12,924,872	\$ 12,875,284	\$ 15,525,361	\$ 15,832,834	\$ 14,856,168	\$ 16,385,017

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 4 - FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 67,619	\$ 3,913	\$ 166,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,406,644	3,364,206	5,248,097	-	-	-	-	-	-	-
Non-Spendable	-	-	-	21,957	30,195	84,961	81,570	93,190	49,386	93,369
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	7,332,240	1,450,000	942,800	428,270	-
Assigned	-	-	-	3,480,206	4,413,634	389,941	1,183,474	500,257	1,210,408	972,140
Unassigned	-	-	-	3,486,688	3,652,753	7,600,641	8,866,166	10,317,626	8,928,807	9,352,993
Subtotal governmental activities	\$ 6,474,263	\$ 3,368,119	\$ 5,414,283	\$ 6,988,851	\$ 8,096,582	\$ 15,407,783	\$ 11,581,210	\$ 11,853,873	\$ 10,616,871	\$ 10,418,502
All Other Governmental Funds										
Reserved	2,100,059	1,967,548	1,495,210	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenues funds	2,767,121	2,968,678	2,985,713	-	-	-	-	-	-	-
Capital projects funds	3,067,776	2,164,361	2,749,497	-	-	-	-	-	-	-
Debt service funds	197,759	318,098	155,079	-	-	-	-	-	-	-
Non-Spendable	-	-	-	1,332,548	1,199,900	1,120,391	3,818	4,436	2,121	4,498
Restricted	-	-	-	4,281,553	5,493,285	5,399,445	7,208,648	7,866,251	12,110,138	4,153,019
Committed	-	-	-	-	-	980,528	1,390,911	2,420,635	2,762,335	3,795,612
Assigned	-	-	-	1,010,277	1,058,497	908,632	429,468	1,016,196	907,940	4,401,501
Unassigned	-	-	-	61,485	-	189,541	-	-	-	(1,285,593)
Total all other governmental funds	\$ 8,132,715	\$ 7,418,685	\$ 7,385,499	\$ 6,685,863	\$ 7,751,682	\$ 8,598,537	\$ 9,032,845	\$ 11,307,518	\$ 15,782,534	\$ 11,069,037

Footnote:

1. Effective for the year ending December 31, 2011, The Township implemented GASB Statement No. 54 in 2011 which changed the classifications and definitions of fund balances in the governmental funds. Consequently, the classifications noted as Reserved and Unreserved are no longer applicable and have been replaced with Non-Spendable, Restricted, Assigned, and Unassigned. Please see Note 1 Summary of Significant Accounting Policies, Fund Balance (page 35) for more explanation.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 5 - CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified basis of accounting)

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes (see Schedule 6)	\$ 20,877,590	\$ 18,255,935	\$ 20,989,999	\$ 21,545,023	\$ 23,427,514	\$ 35,049,838	\$ 26,389,776	\$ 27,502,513	\$ 27,218,340	\$ 26,757,027
Licenses, fees and permits	2,640,789	1,536,651	1,947,935	2,142,698	2,812,427	2,790,072	3,372,869	4,010,451	3,436,339	4,629,018
Fines and penalties	520,589	527,847	551,277	642,010	617,297	619,889	805,893	846,167	584,172	469,009
Charges for services	6,510,946	6,535,690	6,345,349	6,776,691	6,795,987	6,617,950	7,460,989	7,589,821	7,669,326	7,565,890
Intergovernmental	1,638,280	1,606,732	1,819,193	3,359,486	1,975,832	2,207,993	3,502,850	2,386,073	2,482,894	3,442,942
Interest and rents	685,129	311,439	216,666	222,633	225,382	255,334	301,202	393,649	479,133	510,742
Other revenues	419,591	139,655	836,758	407,866	577,425	574,657	498,594	643,737	716,372	280,989
Total revenues	33,292,914	28,913,949	32,707,177	35,096,407	36,431,864	48,115,733	42,332,173	43,372,411	42,586,576	43,655,617
Expenditures										
General government	1,891,660	2,422,523	2,059,662	2,395,825	2,757,849	2,675,320	2,876,337	2,969,087	4,173,194	3,402,777
Protection to persons and property	5,743,559	5,958,844	5,651,576	7,912,433	9,265,977	9,549,766	10,610,555	11,024,184	11,312,811	11,069,012
Health and sanitation	6,544,734	6,096,826	5,470,263	6,550,912	7,302,854	7,662,617	8,391,250	8,016,162	8,387,682	8,005,260
Highways	2,594,658	2,579,952	2,647,479	3,890,896	3,590,319	4,603,647	5,013,694	5,221,798	4,245,780	4,542,305
Library	815,650	815,650	815,650	753,297	818,443	849,850	899,290	901,839	896,770	1,436,935
Parks and recreation	1,845,342	1,851,206	1,868,826	2,116,237	2,387,673	2,590,004	2,761,898	2,813,193	3,114,950	2,549,760
Miscellaneous:										
Employee benefits	6,107,964	6,352,479	6,047,229	3,696,967	2,000,964	5,817,123	3,180,340	3,164,110	3,156,271	2,610,257
OPEB Trust Contributions	-	-	-	-	-	-	3,680,330	772,097	1,033,759	859,209
Insurance	710,136	761,026	659,096	387,594	346,368	363,948	406,843	463,715	390,072	354,011
Other	342,379	269,280	304,344	247,269	250,041	425,783	197,450	294,101	268,616	272,315
Capital outlay	5,278,922	987,318	626,438	1,822,352	1,129,643	1,082,351	14,103,816	3,736,555	3,951,611	9,171,222
Debt service										
Interest	2,552,640	2,562,703	2,479,444	2,036,039	1,943,226	1,845,484	1,683,097	1,720,685	1,936,905	1,926,058
Principal	2,255,000	2,160,000	2,490,000	2,405,000	2,455,000	2,540,000	2,495,000	10,529,121	2,835,000	2,810,000
Bond Issue Costs	-	-	-	-	149,726	197,034	141,427	201,599	100,332	-
Payment to Redeem Bonds	-	-	-	-	15,890,000	-	-	-	-	-
Total expenditures	36,682,644	32,817,807	31,120,007	34,214,821	50,288,083	40,202,927	56,441,327	51,828,246	45,803,753	49,009,121
Other Financing Sources										
Bonds issued	-	-	-	-	16,048,046	-	9,885,000	10,240,000	5,765,000	-
Premium on Bond Issuance	-	-	-	-	-	-	114,289	290,720	85,332	-
Capital Lease Acquisition	-	-	-	-	-	-	717,600	537,451	619,859	511,638
Swaption proceeds	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	18,883,901	-	-	-	-
Payments to escrow agent	-	-	-	-	-	(18,680,462)	-	-	-	-
Transfers in	3,697,017	2,737,968	5,773,203	4,993,458	6,978,065	6,370,376	7,440,153	5,845,308	6,922,744	7,993,274
Transfers out	(3,511,474)	(2,654,282)	(5,347,395)	(5,000,112)	(6,996,342)	(6,328,565)	(7,440,153)	(5,910,308)	(6,937,744)	(8,063,274)
Total other financing sources (uses)	185,543	83,686	425,808	(6,654)	16,029,769	245,250	10,716,889	11,003,171	6,455,191	441,638
Net change in fund balance	\$ (3,204,187)	\$ (3,820,172)	\$ 2,012,978	\$ 874,932	\$ 2,173,550	\$ 8,158,056	\$ (3,392,265)	\$ 2,547,336	\$ 3,238,014	\$ (4,911,866)
Debt service as a percentage of noncapital expenditures	15.3%	14.8%	16.3%	13.7%	8.9%	11.2%	9.9%	25.5%	11.4%	11.9%

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 6 - TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified basis of accounting)

<u>Year</u>	Local Enabling Tax (Act 511) (b)				Total
	Property (a)	Business Privilege & Mercantile	Realty Transfer	Other	
2008	9,330,165	7,937,247	2,586,806	1,023,372	20,877,590
2009	9,331,575	6,018,989	1,869,545	1,035,826	18,255,935
2010	10,360,813	7,514,534	2,098,951	1,015,701	20,989,999
2011	11,305,201	7,157,179	2,099,160	983,483	21,545,023
2012	11,687,363	8,511,021	2,480,143	748,987	23,427,514
2013	11,836,596	18,840,100	3,441,425	931,717	35,049,838
2014	11,805,411	10,465,390	3,145,128	973,847	26,389,776
2015	11,797,463	11,164,986	3,506,820	1,033,244	27,502,513
2016	12,519,069	10,523,110	3,098,459	1,077,702	27,218,340
2017	12,474,658	9,954,225	3,282,548	1,045,596	26,757,027
Changes					
2008 - 2017	33.7%	25.4%	26.9%	2.2%	28.2%

(a) Notwithstanding the county-wide reassessment in 2000, assessments have steadily increased over the past ten years while our real estate taxes have remained fairly steady when annualized over the fourteen year period.

(b) Taxes collected under Act 511 (Local Enabling Tax Act) have grown for a variety of reasons, including the climbing value of our real estate increasing the realty transfer tax, our improved economy increasing the business privilege and mercantile tax collections, and the change from a \$10 per person Occupational Privilege Tax to a \$52 per person Emergency & Municipal Services Tax (now known as the Local Services Tax) in 2005.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 7 - ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(in thousands of dollars)

<u>Year</u>	Tax Exempt Property	Residential Property	Commercial Property	Other Property (a)	Total Taxable Assessed Value	Total Direct Tax Rate (per \$1,000)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2008	427,700,645	2,374,223,989	683,048,147	42,539,224	3,099,811,360	3.0100	3,099,811,360	100.0%
2009	444,577,193	2,399,381,717	684,171,717	47,765,544	3,131,318,978	3.0100	3,131,318,978	100.0%
2010	445,876,898	2,404,787,156	680,386,421	46,157,028	3,131,330,605	3.3411	3,131,330,605	100.0%
2011	448,146,338	2,404,723,368	675,657,684	44,557,628	3,124,938,680	3.6411	3,124,938,680	100.0%
2012	448,267,948	2,426,398,552	678,489,534	42,417,098	3,147,305,184	3.7511	3,147,305,184	100.0%
2013	445,005,068	2,456,745,267	679,253,194	40,038,325	3,176,036,786	3.7511	3,176,036,786	100.0%
2014	445,530,608	2,476,283,310	653,004,104	42,970,567	3,172,257,981	3.7511	3,172,257,981	100.0%
2015	446,358,268	2,496,459,218	651,319,891	46,624,817	3,194,403,926	3.7511	3,194,403,926	100.0%
2016	449,155,488	2,511,862,686	669,662,901	47,501,830	3,229,027,417	3.9228	3,229,027,417	100.0%
2017	452,240,125	2,511,835,640	669,662,901	45,620,478	3,227,119,019	3.9228	3,227,119,019	100.0%

Source: County of Delaware, Pennsylvania, Board of Assessments

Notes:

(a) Includes agricultural and vacant land

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 8 - DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$1,000 of assessed value)

<u>Year</u>	Township Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Radnor Township School District	Delaware County
2008	2.082	0.928	3.010	19.5118	4.825
2009	1.923	1.087	3.010	20.2731	4.825
2010	2.297	1.044	3.3411	20.8681	5.184
2011	2.534	1.107	3.6411	21.1439	5.180
2012	2.769	0.983	3.7511	21.8227	5.304
2013	2.785	0.966	3.7511	21.7122	5.452
2014	2.819	0.932	3.7511	21.7122	5.604
2015	2.821	0.930	3.7511	22.1247	5.604
2016	2.951	0.972	3.9228	23.6199	5.604
2017	2.468	1.455	3.9228	23.6199	5.604

Source: County of Delaware, Pennsylvania, Board of Assessments
Source: Radnor Township School District Website, School Tax Information

Notes:

- (1) Upon County-wide reassessment, effective January 1, 2000, taxable assessed value theoretically equaled market values; from 1993 - 1999, assessed value averaged 3.1% of market value.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 9 - PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

<u>Taxpayer</u>		2017			2008		
		Taxable Assessed Value	Rank	Percentage of Total Township Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Township Taxable Assessed Value
Radnor Properties	Commercial Real Estate	\$ 102,596,165	1	3.2%	Comprehensive Annual Financial Report not prepared as of December 31, 2008. Accurate data for this schedule not available to be presented		
Radnor Center Associates	Commercial Real Estate	68,954,300	2	2.1%			
Trustees of University of PA	Healthcare	40,037,600	3	1.2%			
Radwyn Apartments	Apartment Complex	22,149,000	4	0.7%			
KMO 361 Realty Associates	Commercial Real Estate	17,850,410	5	0.6%			
Home Properties	Apartments	16,644,570	6	0.5%			
Radnor Fee Owner LLC	Commercial Real Estate	13,843,140	7	0.4%			
Enrico Partners	Commercial Real Estate	12,901,550	8	0.4%			
Linda Sposato Trust ETAL	Commercial Real Estate	12,600,000	9	0.4%			
G&I II Radnor Crossing LP	Commercial Real Estate	12,271,030	10	0.4%			
Total		<u>\$ 319,847,765</u>		<u>9.9%</u>			

Notes:

- (1) Total taxable assessed value, all real property in Radnor Township, December 31, 2017 was \$3,227,119,019.
- (2) Upon County-wide reassessment, effective January 1, 2000, taxable assessed value theoretically equaled market values;

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 10 - PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<i>Year Ended December 31</i>	Taxes Levied for the Year	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	9,330,434	9,248,811	99.13%	81,623	9,330,434	100.00%
2009	9,425,270	9,310,850	98.79%	111,280	9,422,130	99.97%
2010	10,462,089	10,380,944	99.22%	81,145	10,462,089	100.00%
2011	11,378,213	11,280,867	99.14%	97,346	11,378,213	100.00%
2012	11,805,857	11,713,761	99.22%	89,691	11,803,452	99.98%
2013	11,826,420	11,652,931	98.53%	94,142	11,747,073	99.33%
2014	11,913,632	11,636,427	97.67%	118,096	11,754,523	98.66%
2015	11,894,911	11,735,097	98.66%	101,062	11,836,159	99.51%
2016	12,525,627	12,265,983	97.93%	49,400	12,315,383	98.32%
2017	12,654,589	12,510,474	98.86%	-	12,510,474	98.86%

Source: County of Delaware, Pennsylvania, Board of Assessments, Radnor Township Department of Finance

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 11 - BUSINESS PRIVILEGE AND MERCANTILE TAXES, REVENUE BASE AND COLLECTIONS
LAST TEN YEARS

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business Privilege (2)										
- Number of Filers	1,082	1,180	1,309	1,463	1,452	1,340	1,390	1,531	1,789	1,802
- Tax Collections	\$ 6,638,348	\$ 4,931,812	\$ 5,882,082	\$ 5,635,035	\$ 6,489,709	\$ 10,123,991	\$ 8,652,138	\$ 8,903,082	\$ 8,300,777	\$ 8,826,166
- Taxable Services	\$ 2,212,782,667	\$ 1,643,937,333	\$ 1,960,694,000	\$ 1,878,345,000	\$ 2,163,236,333	\$ 3,374,663,667	\$ 2,884,046,000	\$ 2,967,694,000	\$ 2,766,925,663	\$ 2,942,055,333
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
Mercantile (2)										
- Number of Filers	240	256	278	305	304	238	233	254	244	224
- Tax Collections	\$ 1,298,901	\$ 1,087,177	\$ 1,632,452	\$ 1,212,563	\$ 1,195,293	\$ 716,109	\$ 1,397,556	\$ 1,302,523	\$ 1,212,260	\$ 1,126,438
- Taxable Services	\$ 432,967,000	\$ 362,392,333	\$ 544,150,667	\$ 404,187,667	\$ 398,431,000	\$ 238,703,000	\$ 465,852,000	\$ 434,174,333	\$ 404,086,827	\$ 375,479,333
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
Total Tax Collections	\$ 7,937,249	\$ 6,018,989	\$ 7,514,534	\$ 6,847,598	\$ 7,685,002	\$ 10,840,100	\$ 10,049,694	\$ 10,205,605	\$ 9,513,037	\$ 9,952,604

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 12 - PRINCIPAL BUSINESS PRIVILEGE AND MERCANTILE TAX REMITTERS
CURRENT AND NINE YEARS AGO

<u><i>Taxpayer's Business</i></u>	2017		2008	
	Rank	Percentage of Total	Rank	Percentage of Total
Investment	1	3.3%		
Laboratory Supply & Distribution	2	3.1%		
Information Technology	3	3.1%		
Financial Institution	4	3.3%		
Real Estate Investment Trust	5	1.8%		
Investment Advisors	6	2.3%		
General Contractor	7	2.9%		
Investment	8	2.4%		
Investment	9	5.4%		
Auto Dealership	10	<u>2.0%</u>		

Comprehensive Annual Financial Report
not prepared as of December 31, 2008.
Accurate data for this schedule not
available to be presented

Percentage of Total Gross Collections 29.6%

Source: Township of Radnor Finance Department

Note:
(1) Due to the confidential nature of tax returns and on advice of legal counsel, the Township of Radnor does not disclose the proper name nor specific tax paid for any individual taxpayer. In lieu of that information, we have provided the top ten taxpayers by the nature of the business and the taxpayer's individual share of total tax collected.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 13 - RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

<u>General Obligation Bonds (1)</u>										
<u>Year</u>	Electoral	Non Electoral	Unamortized Bond Premium	Capital Lease Debt	Total	Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Percentage of Personal Income (4)	Population (3)	Net General Obligation Bonds Per Capita
2008	7,835,000	49,130,000	417,764	-	57,382,764	3,112,600,046	1.84%	3.79%	30,878	1,858
2009	7,695,000	47,225,000	556,690	-	55,476,690	3,131,318,978	1.77%	3.60%	30,878	1,797
2010	7,465,000	44,965,000	994,178	-	53,424,178	3,131,330,705	1.71%	3.36%	31,531	1,694
2011	6,970,000	43,055,000	932,509	-	50,957,509	3,124,938,680	1.63%	3.21%	31,531	1,616
2012	6,465,000	41,575,000	571,359	-	48,611,359	3,147,305,184	1.54%	3.06%	31,531	1,542
2013	5,955,000	43,570,000	735,550	-	50,260,550	3,176,036,786	1.58%	3.49%	31,531	1,594
2014	15,310,000	41,605,000	793,581	638,278	58,346,859	3,172,257,981	1.84%	3.49%	31,531	1,850
2015	14,785,000	41,920,000	1,018,136	1,035,281	58,758,417	3,194,403,926	1.84%	3.49%	31,531	1,864
2016	13,975,000	45,660,000	1,022,904	1,406,471	62,064,375	3,229,027,417	1.92%	3.51%	31,531	1,968
2017	13,150,000	43,675,000	942,340	1,545,605	59,312,945	3,227,119,019	1.84%	3.12%	31,884	1,860

Sources:

- (1) Township of Radnor Finance Department - Bond Amortization Schedules & Note 7 Audited Financial Statements
- (2) County of Delaware, Pennsylvania, Board of Assessments
- (3) US Census 2010, 2000, 1990
- (4) Schedule 16 - 2017 CAFR Statistical Information

Note: Only general obligation bonds were outstanding in all of the years shown; upon County-wide reassessment effective January 1, 2000, taxable assessed value theoretically equaled market values; from 1993 to 1999, assessed value averaged about 3.1% of market value.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 14 - DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Radnor Township School District	\$ 92,180,000	100.00%	\$ 92,180,000
Delaware County	\$ 281,567,000	11.699%	<u>32,941,294</u>
Sub-Total, Overlapping Debt			125,121,294
Township of Radnor Direct Debt		100.00%	<u>59,312,945</u>
Total Direct and Overlapping Debt			<u>\$ 184,434,239</u>

Sources: Township of Radnor Finance Department, Radnor Township School District, County of Delaware

Note:

(1) Proportionate share of Delaware County's existing debt as of December 31, 2017 is based on the ratio of Radnor Township's assessed valuation to Delaware County's 2017 assessed valuation.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 15 - LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(in thousands of dollars)

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Three Year Average Revenues(2),(3)	\$ 30,074	\$ 29,381	\$ 29,411	\$ 29,461	\$ 31,767	\$ 36,961	\$ 39,478	\$ 41,371	\$ 39,506	\$ 40,182
Debt limit (1)	\$ 75,185	\$ 73,453	\$ 73,528	\$ 73,653	\$ 79,418	\$ 92,403	\$ 98,695	\$ 103,428	\$ 98,765	\$ 100,455
Total net debt applicable to limit	\$ 49,130	\$ 47,225	\$ 44,965	\$ 43,055	\$ 41,575	\$ 43,570	\$ 41,605	\$ 41,920	\$ 45,660	\$ 43,675
Legal debt margin	\$ 26,055	\$ 26,228	\$ 28,563	\$ 30,598	\$ 37,843	\$ 48,833	\$ 57,090	\$ 61,508	\$ 53,105	\$ 56,780
Total net debt applicable to the limit as a percentage of debt limit	65.35%	64.29%	61.15%	58.46%	52.35%	47.15%	42.16%	40.53%	46.23%	43.48%

Notes:

- (1) 250% of borrowing base (three year average revenues) is used in the calculation for determining a municipality's debt limit for general obligation bonds.
- (2) The local Government Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues and calculation of borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development. Under the Radnor Township Home Rule Charter, any new debt in excess of 250% of the borrowing base must be approved by the electorate.
- (3) Borrowing Base Revenues represent total revenues less Enterprise Fund operating revenues, interest, State and Federal grants, proceeds from the sale of assets and loan proceeds.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 16 - DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Year</u>	Population (1)	Personal Income (2)	Per Capita Personal Income (1)	Unemployment Rate (3)
2008	30,878	1,504,221,770	48,715	5.0%
2009	30,878	1,527,040,612	49,454	7.6%
2010	31,531	1,559,334,074	49,454	7.9%
2011	31,531	1,559,334,074	49,454	7.2%
2012	31,531	1,559,334,074	49,454	5.8%
2013	31,531	1,559,334,074	49,454	5.8%
2014	31,531	1,615,175,475	51,225	4.9%
2015	31,531	1,701,601,946	53,966	4.2%
2016	31,531	1,769,109,817	56,107	4.2%
2017	31,884	1,900,095,096	59,594	4.1%

Sources:

- (1) US Census 2017, 2010, 2000, 1990 and PA Center for Workforce Information and Analysis
- (2) Computation of per capita personal income multiplied by population
- (3) US Dept of Labor and PA Center for Workforce Information & Analysis

**SCHEDULE 17 - PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

<u><i>Taxpayer</i></u>		Current			Nine Years Ago		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Villanova University	Higher Education	2,763	1	12.2%			
Radnor Township School District	Education	803	2	3.5%			
Lincoln National Life Insurance Company	Insurance/Financial Investments	776	3	3.4%			
Eastern University	Higher Education	658	4	2.9%			
Jefferson Home Care	Medical Services	527	5	2.3%			
VWR Management Services	Research Supply & Distribution	477	6	2.1%			
EMoney Advisor Holdings LLC	Financial Services	414	7	1.8%			
Trustees of the University of Pennsylvania	Healthcare Services	381	8	1.7%			
Cabrini University	Higher Education	347	9	1.5%			
Main Line Services, Inc.	Healthcare Services	285	10	1.3%			
Total		<u>7,431</u>		<u>32.8%</u>			Comprehensive Annual Financial Report not prepared as of December 31, 2008. Accurate data for this schedule not available to be presented

Source: Township of Radnor Finance Department

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 18 - FULL TIME EQUIVALENT TOWNSHIP GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	5	3	4	2	2	2	2	2	2	2
Finance	5	2	3	4	6	6	6	6	6	6
Community Development	8	5	6	5	6	6	6	6	6	8
Engineering	3	3	3	2	2	2	2	2	1	3
Information Technology	3	3	3	3	2	2	2	2	2	2
Police										
Officers	45	43	40	41	36	38	41	40	43	43
Civilian	6.0	6	6	5	5	5	4	4	4	3
Refuse Collection	27	26	25	22	20	17	19	21	20	20
Other Public Works										
Highways	19	19	18	18	19	18	17	17	16	15
Sewer	4	4	4	4	4	4	4	4	4	4
Park maintenance	17	17	17	14	13	13	13	13	11	13
Other	2	2	1	1	1	1	1	1	1	-
Parks and recreation	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total	<u>147</u>	<u>136</u>	<u>132</u>	<u>124</u>	<u>119</u>	<u>117</u>	<u>120</u>	<u>121</u>	<u>119</u>	<u>122</u>

Source: Township of Radnor Finance Department

Notes:

A full-time employee is scheduled to work 1,820 hours (administration/management) / 2,080 (police officers/public works).

Total active FTE's is 120 as Community Development and Highways FTE's will decrease by 1 each as a result of retiring employees on terminal leave and counted as full-time for 2017.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 19 - OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Business Tax Audits	49	72	74	85	41	35	32	44	28	6
Collections from audits (rounded in thousands)	\$ 679	\$ 1,349	\$ 971	\$ 310	\$ 826	\$ 8,984	\$ 421	\$ 959	\$ 1,010	\$ -
Business Tax Licenses Issued	1,203	1,289	1,237	1,282	1,282	1,655	1,768	1,785	1,785	2,003
Protection to persons and property										
Building permits issued	705	675	785	831	910	916	971	828	951	933
New construction	12	19	7	8	22	23	39	18	22	19
Accessories and additions	149	117	104	104	55	49	133	89	119	112
Subdivision plans	9	4	1	2	-	2	19	11	16	-
Lots approved	6	2	-	4	-	1	72	-	20	-
Zoning appeals	59	35	35	54	28	22	26	34	17	28
Design review	89	67	53	90	67	87	70	70	59	54
Vehicle violations	26,503	28,277	23,371	28,445	30,322	31,576	32,414	20,682	19,295	19,998
Vehicle accidents	1,285	1,136	1,209	1,207	1,214	1,235	1,190	1,103	964	1,027
Nuisance and non-criminal	11,861	11,306	10,972	10,579	12,590	15,537	15,298	7,758	16,958	15,366
Serious crimes	413	384	433	423	428	396	331	321	333	530
Secondary offenses	902	827	784	733	828	672	613	849	632	487
Alarm signals	1,671	1,551	1,674	1,568	1,664	1,730	1,729	985	1,610	1,474
Animal complaints	773	705	784	616	646	518	259	291	174	177
Health and sanitation										
Refuse collected (tons)	9,678.0	9,182.0	8,774.0	7,838.8	7,838.8	7,251.0	7,176.8	7,055.5	7,012.0	6,994.3
Curbside recycling (tons)	4,919	6,306	5,738	2,898	6,646	6,629	6,563	6,604	6,439	6,544
Other Public Works										
Streets resurfaced (sq yds)	63,878	42,430	37,224	50,610	-	41,636	41,563	101,089	118,526	74,139
Parks and recreation										
Number of programs	221	225	220	187	145	125	125	195	200	190
Events held at Willows Mansion	124	118	120	122	117	22	5	-	-	-
Wastewater										
New sanitary sewer connections	29	28	18	3	4	2	2	-	-	-

Source: Various Departments, Township of Radnor

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE 20 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Protection to persons and property										
Marked vehicles	13	13	13	13	13	13	14	13	13	13
Motorcycles	-	-	-	-	-	4	4	4	4	4
Unmarked vehicles	9	8	7	7	7	7	7	8	9	9
SWAT Vehicle	-	-	-	-	-	-	-	-	1	1
Health and sanitation										
Recycling trucks	6	6	6	6	-	-	-	-	-	-
Refuse collection trucks	12	12	12	12	-	-	-	-	-	-
Recycling & Refuse Trucks	-	-	-	-	12	12	12	13	13	13
Other Public Works										
Streetlights	1,402	1,402	1,402	1,406	1,406	1,406	1,406	1,406	1,407	1,407
Traffic signals	44	44	44	44	44	44	44	45	45	46
Parks and recreation										
Acres of open space	441.84	441.84	441.84	441.84	441.84	441.84	512.84	512.84	512.84	512.84
Parks, playgrounds, athletic fields	23	23	23	23	23	23	23	26	26	26
Wastewater										
Sanitary sewers (linear feet)	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810
Storm sewers (linear feet)	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840

Source: Various Departments, Township of Radnor

Notes:

- (1) Motorcycles and related upfit equipment acquired in 2013 and paid 100% by donations.
- (2) SWAT vehicle owned by Delaware County is insured and maintained by Radnor Township and supports SWAT activity for all of Delaware County.