

# Radnor Township

## Comprehensive Annual Financial Report

For the Year Ended, December 31, 2018



Emlen Tunnell Statue  
Radnor Township Municipal Building  
Dedicated June 2, 2018



Radnor Township  
301 Iven Ave, Wayne, PA  
610.688.5600  
[www.radnor.com](http://www.radnor.com)

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

*For the year ended, December 31, 2018*

**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

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**INTRODUCTORY  
SECTION**

**LISA BOROWSKI**  
*President*

**JACK LARKIN, ESQ.**  
*Vice President*

**JAKE ABEL**

**RICHARD F. BOOKER, ESQ.**

**LUCAS A. CLARK, ESQ.**

**SEAN FARHY**

**JOHN NAGLE**



**RADNOR TOWNSHIP**  
301 IVEN AVENUE  
WAYNE, PENNSYLVANIA 19087-5297

Phone (610) 688-5600  
Fax (610) 688-1279  
[www.radnor.com](http://www.radnor.com)

**ROBERT A. ZIENKOWSKI**  
*Township Manager*  
*Township Secretary*

**JOHN B. RICE, ESQ.**  
*Solicitor*

**KATHRYN GARTLAND**  
*Treasurer*

June 24, 2019

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, 2018. 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, Delaware, and Maryland has nearly 55 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.*”

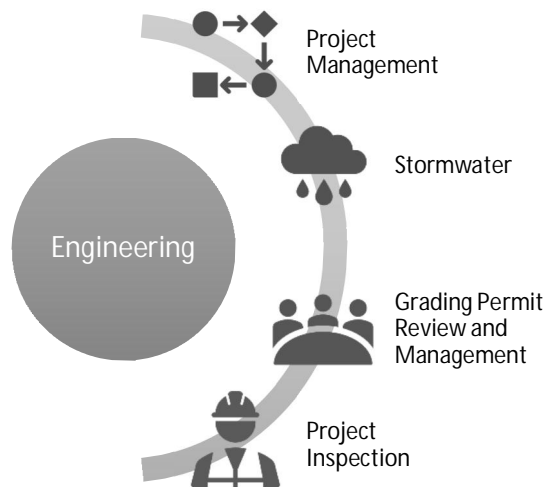
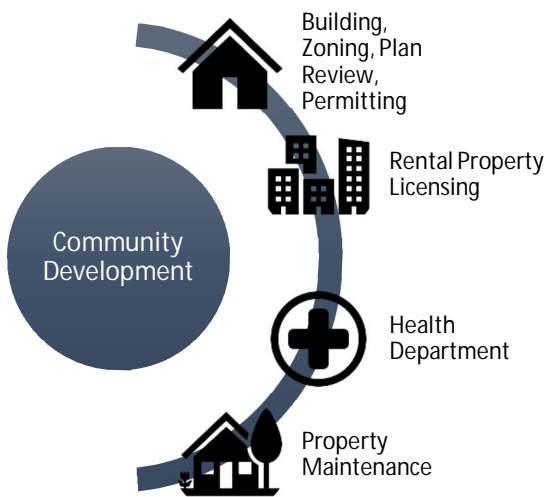
Radnor Township is located in the northwestern corner of Delaware County and is approximately 15 miles west of the City of Philadelphia. The Township encompasses 13.83 square miles, has a population of 31,884 and is located on Philadelphia’s prestigious “Main Line.” The Township consists of all or portions 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 1<sup>st</sup> 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:





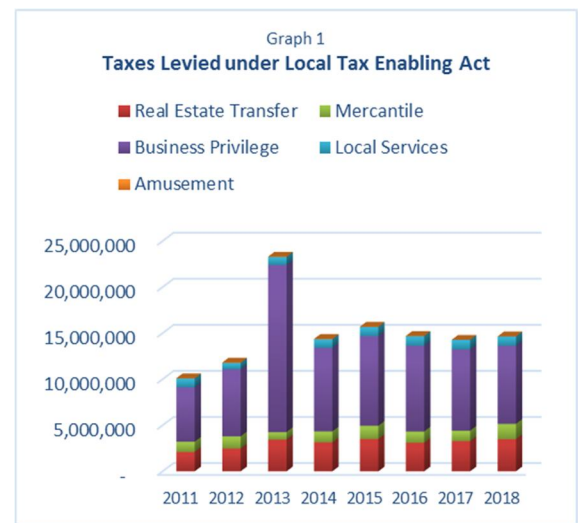
## Township Budget Process Profile

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.

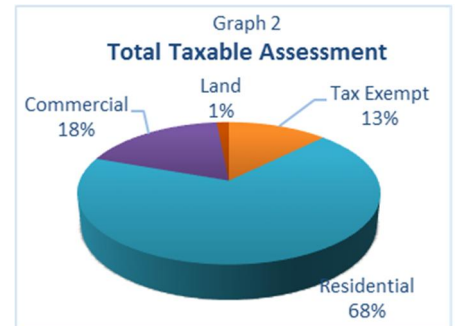
The Township has adopted several important fiscal policies aimed at creating balanced budgets, establishing appropriate levels of funding reserves, determining the appropriate use of non-recurring revenues, establishing annual capital funding, and establishing a funding plan for other post-employment 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

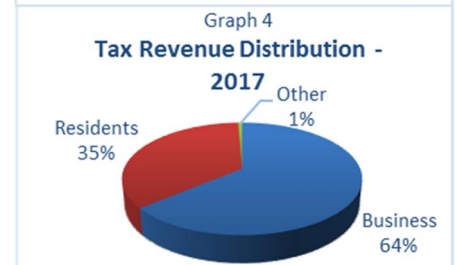
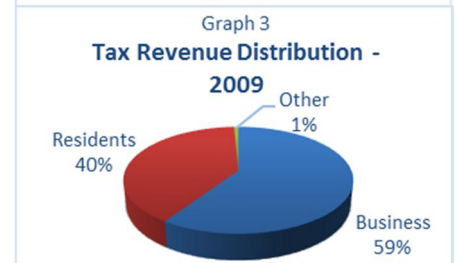
Radnor's economy is made up of a broad spectrum of activities from the smallest family run retail store to national retail stores; from one-person professional service firms to Fortune 500 companies. As a result, Radnor's affluence allows the local economy to be resilient. Graph 1 shows the consistently strong revenue in all the Act 511 categories dating back to 2011 [Note: There was a one-time \$8 million settlement in 2013]. 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 3.



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 110, the annual assessment growth has averaged 0.52% 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 at that level through 2018. 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 35%. 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 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) work together annually to build and improve the five-year forecasting model. The model has been used to incorporate a 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

As reported in prior years, the Township administration, worked with CARFAC, began 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 Township went live with Fixed Assets and Parks and Recreation in 2018 and are scheduled to go live with Codes and Permitting and Work Orders in 2019. Once these modules go live, that will conclude the scope of the project.

## Open Finance

The Administration worked with Socrata and Tyler to develop "Open Finance", a web based financial transparency program that automatically pulls financial and payroll data from the Township's new ERP system weekly and reports that information in an interactive web program. Open Finance was finalized late in 2018 and went live in February 2019. Stakeholders have immediate, up-to-date access to Radnor's entire general ledger and can see how the Township's revenues, expenses, vendor payments, and payroll totals are stacking up.

**Open Finance**

Welcome to Radnor Township's Open Finance. This program is part of our continuing commitment to deliver fiscal transparency to our stakeholders by providing this guided view of Radnor's financial information. This site provides a comprehensive look at the types of revenue collected and how those funds are invested in providing Radnor Stakeholders with the very best in public service. The tables, charts, and graphs included are all highly interactive and we invite you to explore. The site is updated weekly and presents the financial information on an un-audited, cash basis. Please review the Township's audited annual financial statements included in our Comprehensive Annual Financial Report.

[Read More](#)

[Common Questions](#)

### Financial Summary

Revenue Budget-General Fund	Expense Budget-General Fund
<b>\$36.07 Million</b>	<b>\$38.01 Million</b>
2019 Projected Revenues	2019 Approved Budget
<small>This area provides the detailed revenue estimates used to fund Radnor's operating and capital budgets. The amount shown above is the General Fund only. Please explore to see all funds.</small>	<small>Board approved budgets prioritize and fund Radnor's services, debt obligations, retiree costs and investment into various Community Groups. The amount shown above is the General Fund only. Please explore to see all funds. The deficit is the result of transfers to other funds for Willows obligations and carry forward encumbrances from 2018 (both utilizing revenues from prior years).</small>
<a href="#">Explore</a>	<a href="#">Explore</a>

## 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, 2017. 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 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



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

PRINCIPAL OFFICIALS  
As of December 31, 2018  
RADNOR TOWNSHIP, PENNSYLVANIA

*ELECTED OFFICIALS*

---

Board of Commissioners

Jack Larkin, Esq.....	1 <sup>st</sup> Ward Commissioner
Richard F. Booker, Esq.....	2 <sup>nd</sup> Ward Commissioner
Lucas A. Clark, Esq.....	3 <sup>rd</sup> Ward Commissioner
Lisa Borowski.....	4 <sup>th</sup> Ward Commissioner
John C. Nagle, P.E.....	5 <sup>th</sup> Ward Commissioner
Jake Able.....	6 <sup>th</sup> Ward Commissioner
Sean Farhy.....	7 <sup>th</sup> Ward Commissioner

Elected Treasurer

Kathryn A. Gartland.....	Treasurer, At-Large
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*APPOINTED OFFICIALS*

---

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

*APPOINTED PROFESSIONAL FIRMS*

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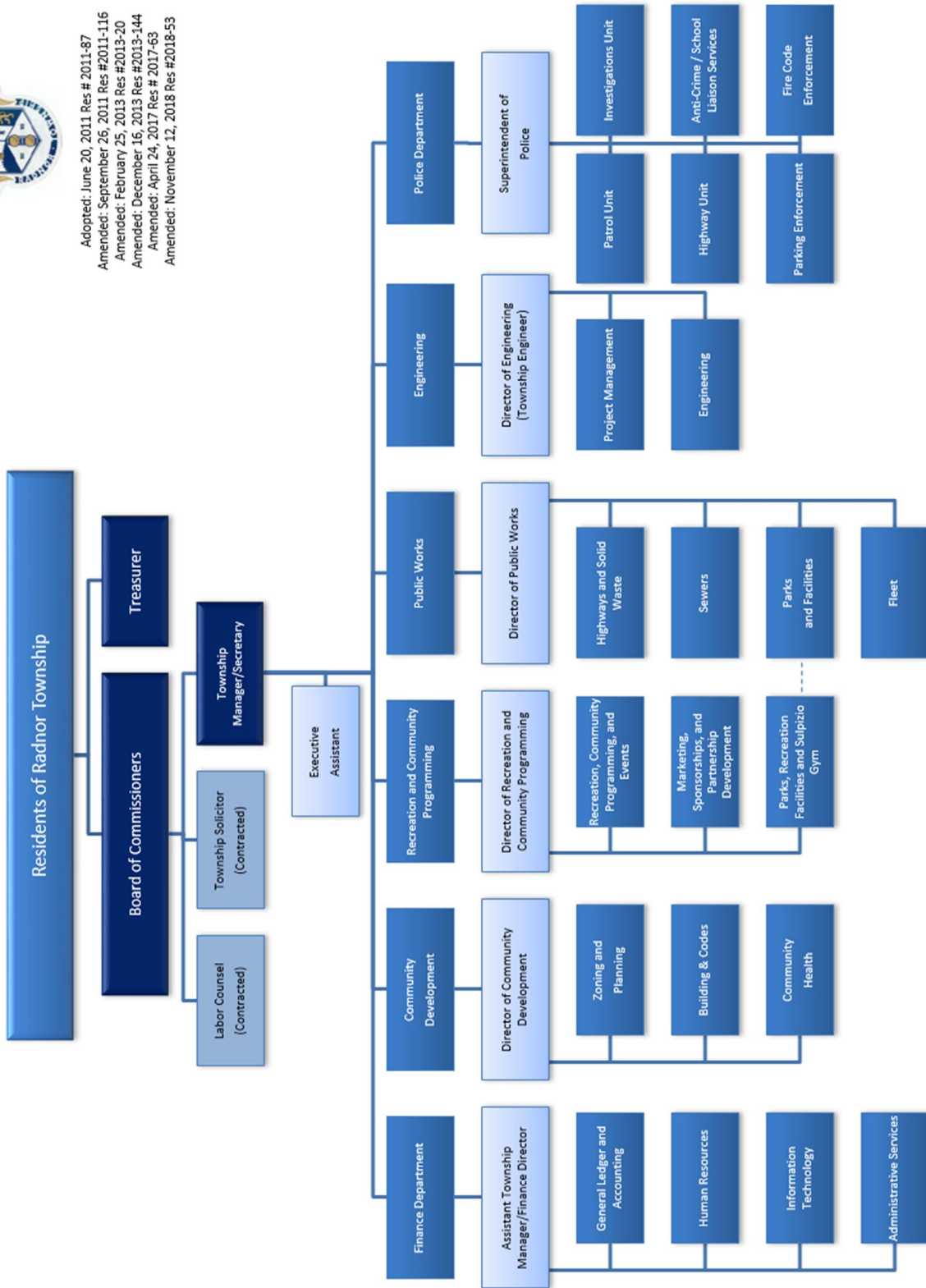
T.D. Bank, NA.....	Banking Depository
Cozen O'Conner.....	Bond Counsel
PFM Advisors.....	Pension Plan Investment Advisor
Mockenhaupt Benefits Group.....	Pension Plan Actuary
Clark Hill, PLC.....	Labor Law Solicitor
Flamm Walton, PC.....	Business Tax Solicitor

TOWNSHIP OF RADNOR, PENNSYLVANIA  
ORGANIZATIONAL CHART

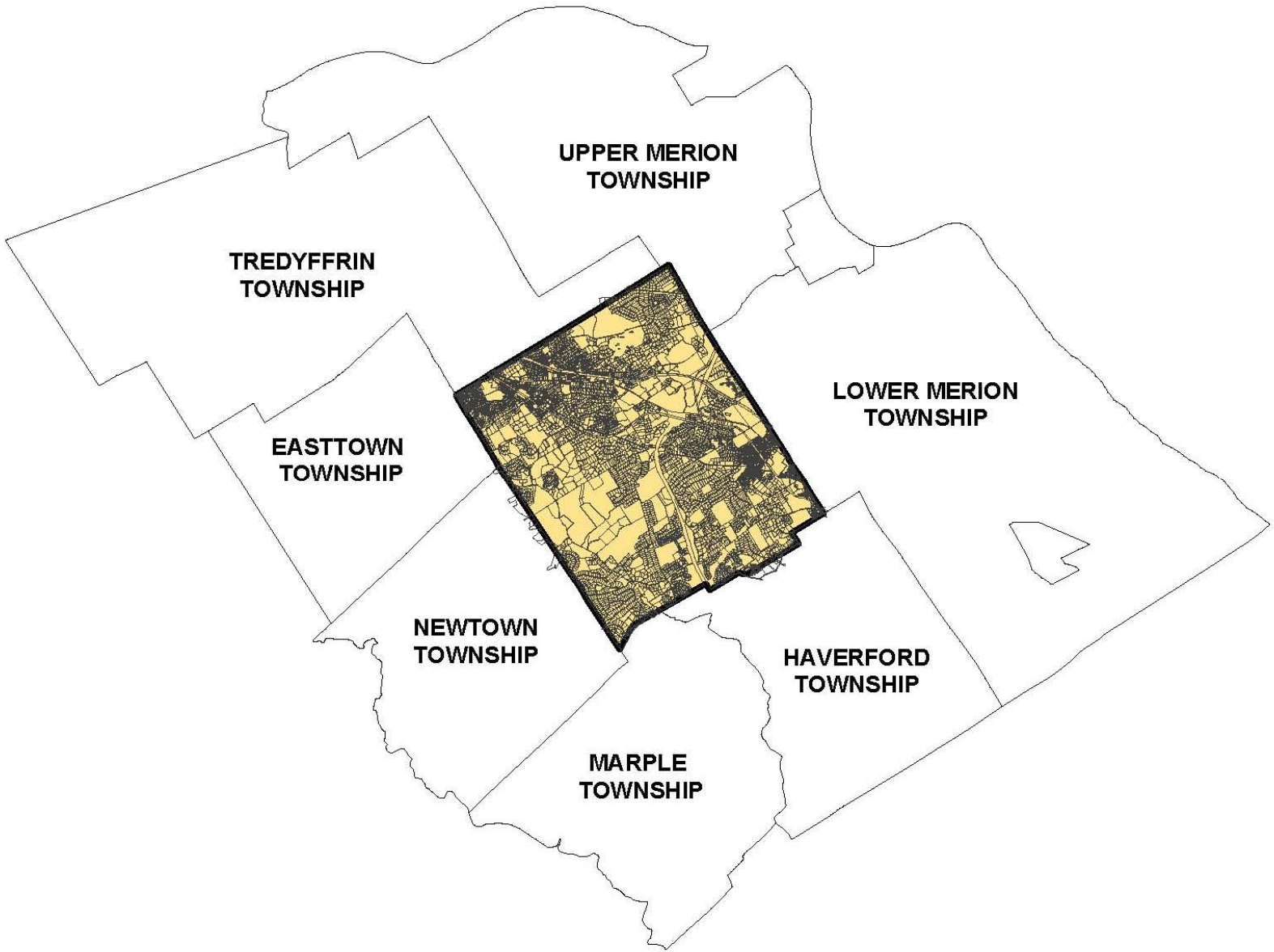
**RADNOR TOWNSHIP ORGANIZATIONAL CHART**



Adopted: June 20, 2011 Res # 2011-87  
 Amended: September 26, 2011 Res #2011-116  
 Amended: February 25, 2013 Res #2013-20  
 Amended: December 16, 2013 Res #2013-144  
 Amended: April 24, 2017 Res # 2017-63  
 Amended: November 12, 2018 Res #2018-53



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, 2017**

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL  
SECTION**



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## 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, 2018, 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, 2018, 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.



# Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## Adoption of New GASB's

As described in Note 15 to the financial statements, in 2018 the Township of Radnor adopted the provisions of Governmental Accounting Standards Board's Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, Statement No. 85, *Omnibus 2017*, and Statement No. 86, *Certain Debt Extinguishment Issues*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 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 3-17 and 70-82 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.

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 24, 2019

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109  
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237  
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929  
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401  
210 Tollgate Hill Road, Greensburg, PA 15601

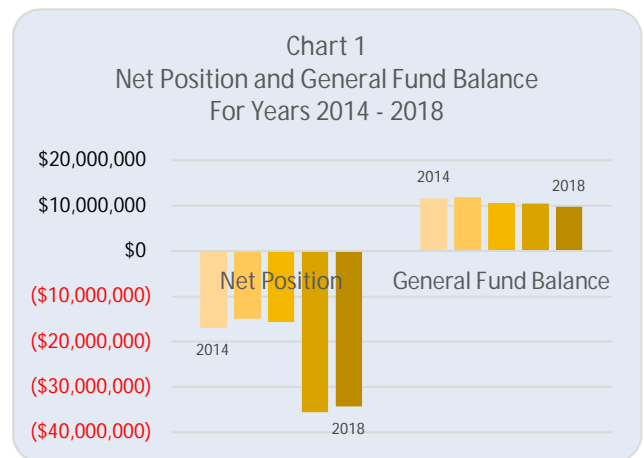
[www.zallc.org](http://www.zallc.org)

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

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, 2018.

**Financial Highlights**

Radnor Township's government-wide net position (deficit) on December 31, 2018 was (\$34,354,109), which improved by \$1,289,182 from December 31, 2017, as restated. 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 five years; noting that the significant change in 2017 and 2018 is the result of implementing the new reporting requirements for postemployment benefits other than pensions under GASB 75 (See Note 15). The reason for the negative net position continues to be from net pension and other postemployment benefit liabilities. The net position improvement in 2018 is due to significant capital grants and contributions that helped offset program expenses as well as strong mercantile and real estate transfer revenues. The improvement would have been larger if not for unplanned sewer expenses, and the large transfers for Business-Type activities (Willows Fund). At the same time, the Township has maintained strong General Fund balances. This complies with policies that require a minimum of fifteen percent of expenditures to be held as unassigned fund balance, 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 2018 unassigned fund balance met the target 15% at \$4,524,923, the 10% fund balance stabilization at \$3,016,615. The Board of Commissioners had to transfer \$1,153,000 to the Sewer Fund to cover for revenue shortfalls and unplanned capital projects which reduced the Other Unassigned balance down to \$479,737 from \$2,258,414 in 2017. Still, in total, the General Fund balance is a healthy 32% of expenditures.

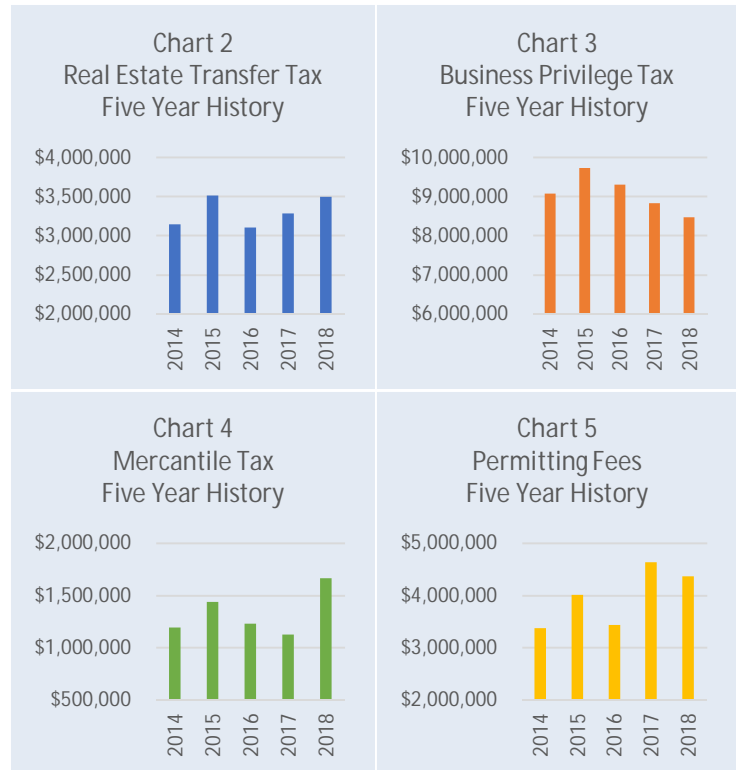


Recognizing that the net pension and OPEB liabilities represent the two primary reasons for the negative net position, the Township continues to make strides. The Township has sought to understand the problem, identify alternative funding solutions, and commit to investing funds that lead towards solutions. 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%. 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, 2018, the OPEB Trust assets have grown to \$7,031,354. 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

Financial Highlights (continued)

Radnor Township's operations are funded from three primary sources: Real Estate taxes, Act 511 taxes, and all other revenue, led by permitting fees. The largest of these three sources are the Act 511 taxes, which include Real Estate Transfer Taxes, Business Privilege Tax ("BPT"), and Mercantile Tax ("MT"). 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. BPT revenues 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 three years despite steady license renewals. Still, the revenue remains significant enough to cover operations, netting \$8.5 million. MT revenue reflects all retail activity in Radnor. The Township typically receives revenue of roughly \$1.1 million per year, but 2018 revenues jumped significantly to \$1,664,576. Finally, permitting revenue is an indicator of the development and redevelopment activity in Radnor and has had strong performance since 2014. For 2018, revenues stayed strong at \$4,361,921, with a large portion coming from Penn Medicine's redevelopment project. This comes on the heels of the revenue spike in 2017 resulting from Villanova's parking, dormitory and performing arts center development project. On the expense side, program expenses grew by a modest 1.2%, or \$523,391 in 2018. This growth was primarily the result of increases in General Government and Protection of Persons and Property spending. Other expense growth was offset by increases in program revenues, especially Capital grants and Contributions.



Finally, because Act 511 taxes and permitting revenues have been strong, Real Estate Tax rates remained at 3.9228 mills in 2018 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  
YEAR ENDED DECEMBER 31, 2018

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 activity of the Township includes the lease 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 18 and 19 of this report.

Fund Financial Statements - A fund is a grouping of related accounts 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

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 twelve 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 78 through 81.

The basic governmental funds financial statements can be found on pages 20 through 23 of this report.

Proprietary Funds - The Township maintains one 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 24 through 26 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 and OPEB trust funds and agency funds. Total net position of the fiduciary funds was \$66,247,402, down from \$69,519,020 in 2017 due to changes in market value of investments.

The basic fiduciary funds financial statements can be found on pages 27 and 28 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 29 through 69 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 Funds.

The required supplementary information can be found on pages 70 through 82 of this report.



TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

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 83 through 102 of this report.

Government-Wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a government's financial position. Table 1 reflects the governmental activities net position of (\$34,354,109), which represents an increase of \$1,289,182 from December 31, 2017. A closer look shows that total assets decreased by \$631,421 primarily because of spending down or transferring of unassigned cash in the General Fund. The total net position deficiency continues to be the result of the net liabilities relating to pension (\$24,231,370) and OPEB (\$46,741,703). 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 21.

Table 1 - Township of Radnor's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 23,072,215	\$ 25,753,574	\$ 627,439	\$ 15,293	\$ 23,699,654	\$ 25,768,867
Capital Assets	66,565,336	64,515,398	168,056	79,309	66,733,392	64,594,707
Total Assets	89,637,551	90,268,972	795,495	94,602	90,433,046	90,363,574
Deferred Outflows of Resources	11,211,617	7,380,415	-	-	11,211,617	7,380,415
Noncurrent Liabilities	131,735,584	125,683,751	-	-	131,735,584	125,683,751
Other Liabilities	1,814,899	4,284,379	2,501	-	1,817,400	4,284,379
Total Liabilities	133,550,483	129,968,130	2,501	-	133,552,984	129,968,130
Deferred Inflows of Resources	1,652,794	3,324,548	-	-	1,652,794	3,324,548
Net Position:						
Net Investment in Capital Assets	12,621,702	7,590,283	168,056	79,309	12,789,758	7,669,592
Restricted	941,500	847,611	-	-	941,500	847,611
Unrestricted (Deficit)	(47,917,311)	(44,081,185)	624,938	15,293	(47,292,373)	(44,065,892)
Total Net Position (Deficit)	\$ (34,354,109)	\$ (35,643,291)	\$ 792,994	\$ 94,602	\$ (33,561,115)	\$ (35,548,689)

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 \$12,621,702 at the end of 2018. As shown in Table 1, the increase over 2017 was due to Library improvement as well as various park and trail improvements, highlighted by the Clem Macrone project. Radnor Township uses these capital assets to provide infrastructure and facility improvements used 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

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. As reported on Table 1, the total business-type activities' net position increased by \$698,392 in 2018. The increase represents assets being transferred as part of the Township obligations under a lease agreement with the Willows Park Preserve. In 2018, the Board entered into an agreement with the Willows Park Preserve, a non-profit organization who exists for the sole purpose of renovating and operating the Willows mansion. The twenty-nine year agreement allows 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 revenues and expenditures for the fiscal years ended December 31, 2018 and 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 revenues are defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenues include taxes, investment income and other unrestricted revenue sources.

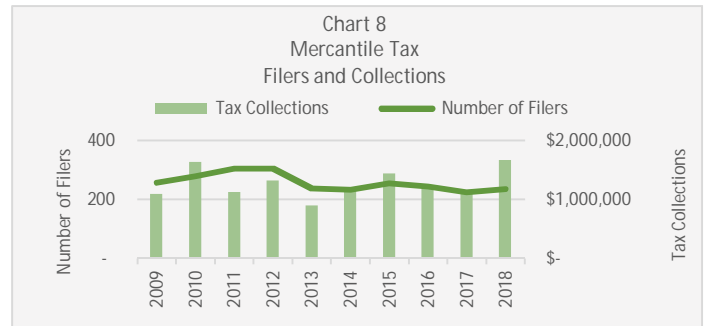
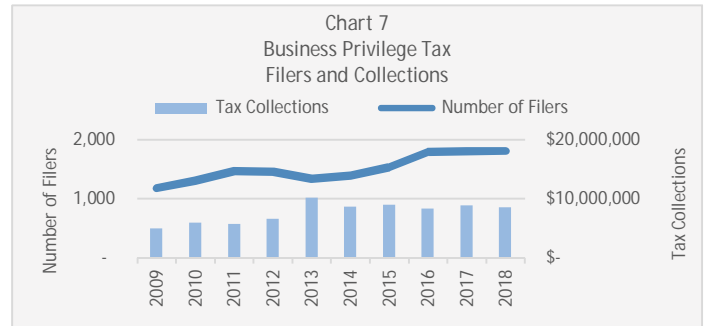
Table 2 - Township of Radnor's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 13,115,453	\$ 13,685,141	\$ -	\$ -	\$ 13,115,453	\$ 13,685,141
Operating Grants and Contributions	1,436,498	1,504,600	-	-	1,436,498	1,504,600
Capital Grants and Contributions	2,792,768	1,195,276	-	-	2,792,768	1,195,276
<b>General Revenues:</b>						
Real Estate Taxes	12,527,235	12,510,474	-	-	12,527,235	12,510,474
Taxes Levied Under Act 511	14,656,877	14,282,369	-	-	14,656,877	14,282,369
Investment Income	705,029	510,742	1,166	122	706,195	510,864
<b>Total Revenues</b>	<b>45,233,860</b>	<b>43,688,602</b>	<b>1,166</b>	<b>122</b>	<b>45,235,026</b>	<b>43,688,724</b>
<b>Expenses:</b>						
General Government	5,426,877	4,685,891	-	-	5,426,877	4,685,891
Protection to Persons and Property	16,669,973	16,072,269	-	-	16,669,973	16,072,269
Health and Sanitation	9,649,156	9,224,984	-	-	9,649,156	9,224,984
Highways	4,756,765	5,968,439	-	-	4,756,765	5,968,439
Library	928,360	1,436,935	-	-	928,360	1,436,935
Parks and Recreation	3,780,447	3,237,902	118,705	56,900	3,899,152	3,294,802
Interest on Long-Term Debt	1,917,169	1,978,936	-	-	1,917,169	1,978,936
<b>Total Expenses</b>	<b>43,128,747</b>	<b>42,605,356</b>	<b>118,705</b>	<b>56,900</b>	<b>43,247,452</b>	<b>42,662,256</b>
Changes in Net Position before Transfers	2,105,113	1,083,246	(117,539)	(56,778)	1,987,574	1,026,468
Transfers	(815,931)	(70,000)	815,931	70,000	-	-
Changes in Net Position	1,289,182	1,013,246	698,392	13,222	1,987,574	1,026,468
Net Position (Deficit) - Beginning	(35,643,291)	(36,656,537)	94,602	81,380	(35,548,689)	(36,575,157)
Net Position (Deficit) - Ending	\$ (34,354,109)	\$ (35,643,291)	\$ 792,994	\$ 94,602	\$ (33,561,115)	\$ (35,548,689)

TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

Government-Wide Financial Analysis (continued)

As shown in Table 2, the increase in net position for 2018 was primarily due to significant increases in capital grants and contributions, which jumped by almost \$1.6 million. That jump in revenue more than offset the modest increase in total expenses and transfer activity. Despite the increase in capital contributions, total revenue only increased by 4% due to the mixed results in the other revenue categories. The largest source of revenue, taxes levied under Act 511, increased by \$374,508, or 3%. Two of the major contributors to this category are the Business Privilege and Mercantile Taxes. The next largest category is charges for services, which decreased by \$569,688, or 4%. This can be misleading because the 2017 revenue was exaggerated by Villanova University's large improvement project. As reported earlier in this analysis, permitting revenue was still strong in 2018 and contributed to the increase in net position for the Township. On the expenditure side, total expenses increased by \$523,391, or 1%. General Government expenditures increased by \$740,986 or 16% due to filling several vacant positions and cost increases associated with building maintenance and repairs. Protection to Persons and Property costs increased by \$597,704, or 4% due primarily to one-time retirement payouts for several senior officers. Similarly, Health and Sanitation increased in 2018 due to having full staffing and increased cost to dispose of trash and recycling. Highway expenditures dropped sharply in 2018 because of lower engineering and capital costs. The Library cost of services decreased because the building renovation improvement project costs were substantially completed in 2017. Finally, Parks and Recreation expenditures increased in 2018 due to improvement projects at various parks and trails relating to the 2016 Bond issue.



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

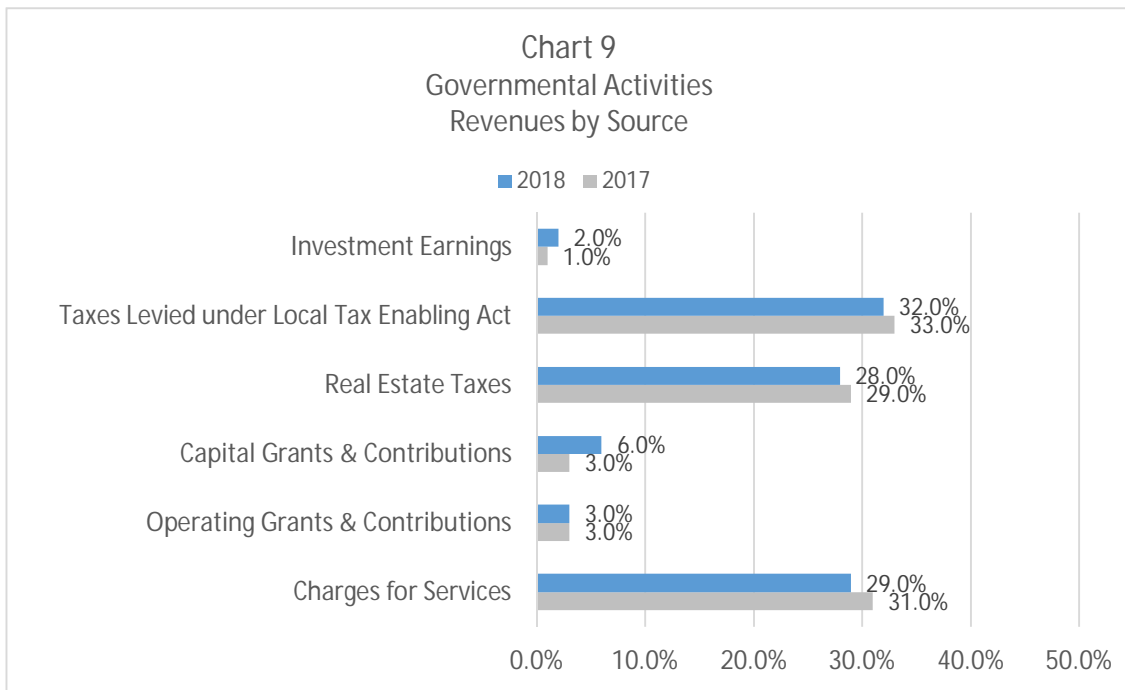
Programs	Total Cost of Services		Total Net Cost	
	2018	2017	2018	2017
General Government	\$ 5,426,877	\$ 4,685,891	\$ (2,084,325)	\$ (2,239,001)
Protection to Persons and Property	16,669,973	16,072,269	(12,831,311)	(10,951,427)
Health and Sanitation	9,649,156	9,224,984	(3,179,859)	(2,884,551)
Highways	4,756,765	5,968,439	(3,720,324)	(4,999,941)
Library	928,360	1,436,935	488,307	(603,602)
Parks and Recreation	3,780,447	3,237,902	(2,539,347)	(2,562,881)
Interest on Long-Term Debt	1,917,169	1,978,936	(1,917,169)	(1,978,936)
<b>Total</b>	<b>\$ 43,128,747</b>	<b>\$ 42,605,356</b>	<b>\$ (25,784,028)</b>	<b>\$ (26,220,339)</b>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

Governmental Activities (continued)

As discussed, due to the modest increase in total expenses, coupled with the large increase in capital contributions the Township's net cost improved by \$2,146,310 in 2018. Net cost of services decreased from 66% in 2017 to 61% of total cost of services in 2018. These percentages reflect that for every dollar spent to provide service, \$0.60 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.

Finally, Chart 8 below compares the percentage of the total governmental activities' revenue allocated by each revenue type. Not surprisingly, the Township relies heavily on taxes levied under Local Enabling Act and real estate taxes, both of which represent 61%, as noted above. Chart 8 also shows the significance of the departmental revenue generated under charges for services. The year over year change is minimal from 2017 to 2018 across all types.



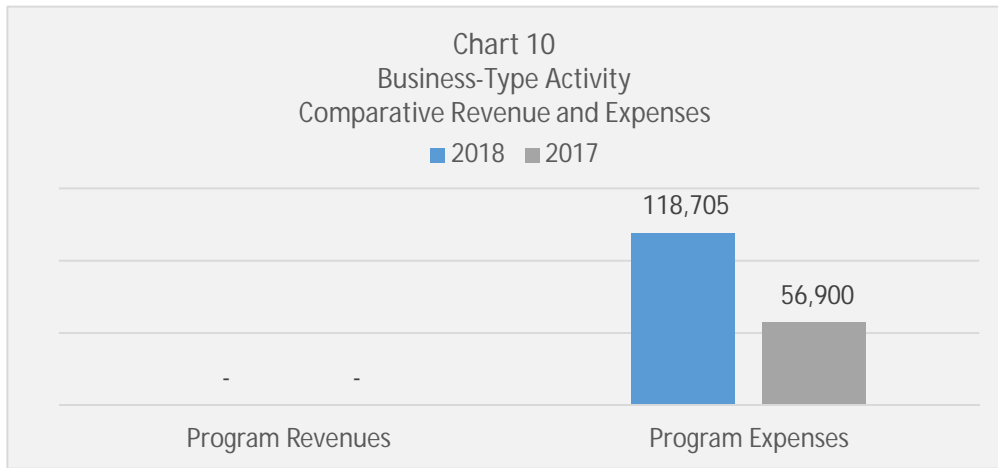
Business-Type Activities

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 \$118,705. No business-type revenue was generated again in 2018 as the Township has out-sourced the programming activity to a private non-profit organization. Instead, transfers [of cash] from government funds have provided the resources to pay for the minimal activity in the fund. In the long-term those transfers won't be necessary under the lease agreement. The graph below shows a comparison between the business-type activity expenditures and program revenue.

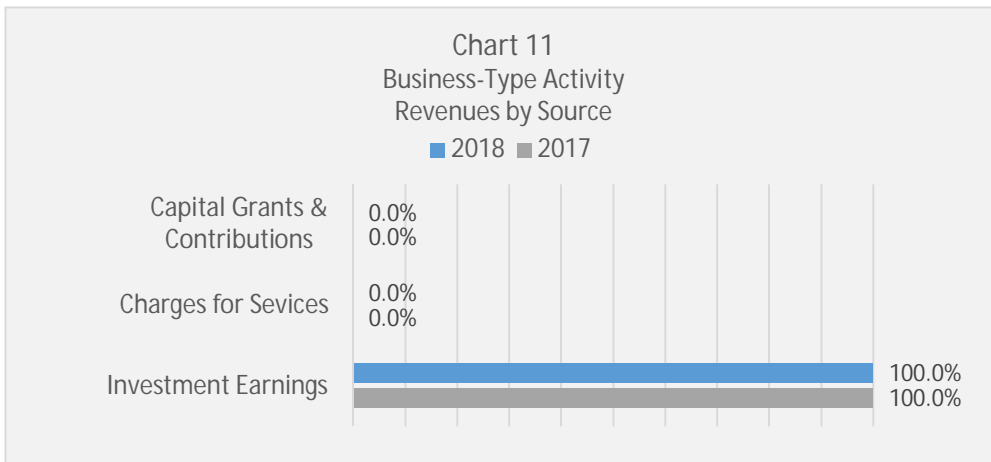
TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

Business-Type Activities (continued)

Despite not generating any programming revenue, business-type activities showed an increase in net position of \$698,392. As noted earlier, the increase in the net position was the result of General Fund transfers required under the Township's agreement with the Willows Park Preserve and to cover the limited program expenses. To address the long-term sustainability of the mansion, the Township has been evaluating outsourcing 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 entered into an agreement with a non-profit firm dedicated to renovating and operating the mansion going forward. In June 2018, an agreement was approved with the Willows Park Preserve 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, at which point the Township will no longer have to pay for mansion costs.



The graph below shows the breakdown of revenue by source for the business-type activities. As noted, the Willows did not generate any program income but did realize interest earnings from invested transfers.



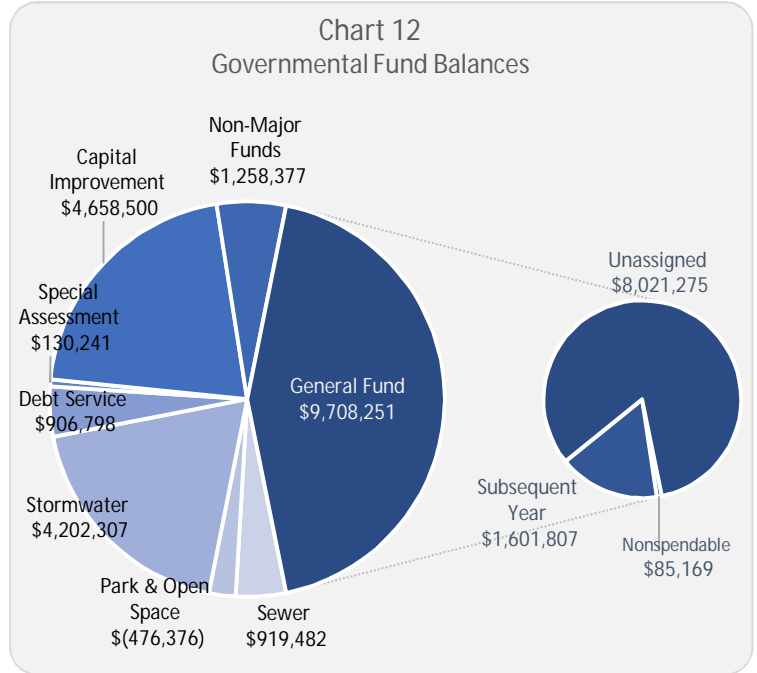
TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

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. For example, unassigned 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 2018, the governmental funds reported combined ending fund balances of \$21,307,580, a decrease of \$179,959 from the prior year, as the Township transferred cash to the Willows Fund and spends down capital improvement funds on various software, park, trail and library building improvements. Approximately 35% of this total amount or \$7,544,899



constitutes unassigned fund balance, which includes \$7,541,538 to comply with the General Fund's target fund balance policy of 15% and fund stabilization requirement of 10% of general fund expenditures. The next allocation of fund balance totals \$6,665,741 and is assigned for special assessment or other special revenue fund activity as well as encumbered activity in 2018 carried forward into 2019. The next allocation of fund balance is restricted by constitutional provisions, enabling legislation, or constraints imposed by external factors which totaled \$5,255,847 and includes fund balances in the Debt Service Fund (\$906,798), Capital Improvement Fund (\$3,407,549), and State Liquid Fuels Fund (\$941,500). The next allocation of fund balance totaled \$1,751,885 and is committed by the Board of Commissioners through ordinances or resolutions and includes balances for recreation or park impact fee purposes (\$168,608) and storm water purposes (\$1,583,277). The remainder of the fund balance is \$89,208 and is nonspendable 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 2018, the unassigned fund balance of the General Fund was \$8,021,275, which is down from 2017 by \$1,331,718. The reduction is the result of the Board electing to transfer balances to the Willows Fund and for transfers needed to cover Sewer Fund shortfalls. 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 2018.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

Financial Analysis of the Government's Funds (continued)

Governmental Funds (continued)

General Fund revenue decreased by \$68,252 or less than 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 increased by \$293,510, or 2%. Alternatively, departmental earnings decreased by \$57,538, or 4% because of continued sluggish police and parking enforcement activity. Similarly, license and permitting revenues dropped by \$267,097, or 9% because 2017 included large, one-time deposits from Villanova University's dormitory expansion project. License and permitting revenue is still extremely strong at roughly \$4.4 million.

General Fund expenditures increased by \$1,787,838 or 6% after the Township realized a reduction of roughly the same amount in 2017. Reasons for the increase includes filling vacant positions, large one-time leave time payouts for police retirements, and an increase in capital improvements in 2018. Still, the Township continues to realize savings from a revamped civilian high-deductible health plan as employee benefit costs of \$2.7 million continue to be less than under the old program when expenses were \$3.2 million per year. Also, General Fund transfers continue to grow due to allocations made to fund shortfalls in the Sewer Fund and to fund Township obligations to the Willows Park Preserve. Transfers out have grown to \$5.7 million after being \$4.0 million back in 2015.

The Sewer Fund exists to account for the administration of the Township's sanitary sewer system. At December 31, 2018 the Sewer Fund had a total fund balance of \$919,482, an increase of \$264,829 over the prior year. The fund balance consists of nonspendable and restricted amounts totaling \$4,039 and \$915,443, respectively. The fund does not have any unassigned balance remaining. In fact, the reason for the fund balance increase is due to General Fund Transfers of \$1,153,000 and Note proceeds of \$1,000,000 to help fund capital activity. The continued decrease in fund balance is the result of the combination of lower than necessary sewer rent rates, increasing downstream costs, and lower than expected water consumption levels, which is the basis of the sewer rent fee. The Board of Commissioners have committed to doing a comprehensive review of the Sewer Fund in 2019 and establish a long-term plan to correct the fund's financial standing.

The Debt Service Fund houses the activity surrounding the issuance and payment of Township debt and had a fund balance of \$906,798 which is a slight decrease of \$10,780, or 1%. The decrease is the result of a shortfall in transfers from other funds needed to make the 2018 debt service payments. 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 2018 with a fund balance of \$130,241. 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 \$249,395.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

Financial Analysis of the Government's Funds (continued)

Governmental Funds (continued)

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 2018 with a negative fund balance of \$476,376. That balance will be covered by General Fund transfers in 2019, as budgeted by the Board with the adoption of the 2019 Budget. 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 \$80,998, or 10%. 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.

The Storm Water Management Fund was established in 2012 to account for the Township's ongoing storm water management and regulatory requirements. 2018 marked the fifth year that the Township billed for storm water management. The Storm Water Fund ended 2018 with a committed fund balance of \$1,583,277 and \$2,619,030 for encumbrances carried forward for unfinished projects at year end. Activity in 2018 shifted from evaluating flooding areas to beginning projects.

The Capital Improvement Fund had a fund balance of \$4,658,500, as of December 31, 2018, a decrease of \$366,923, or 7% from 2017. 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:

Proprietary Funds - The Township's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have 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 78) shows that actual revenue fell well short of expectations, especially in the category of taxes levied under local enabling act. However, as discussed, this seems to be more of miscalculation in budget as actuals were still strong in the aggregate. Actual General Fund expenditures of \$29,963,940 came in under the final appropriation budget of \$30,628,746. The positive variance of \$664,806 was due to savings realized in the Highways category. The variance would have been greater, had it not been for the unbudgeted capital expenditures totaling \$1,225,420 and, as noted earlier, the General Fund's unplanned transfers of \$1,153,000 to the Sewer Fund. In terms of General Fund budgeted revenue and expenditures, the negative variance of \$1,062,586 is consistent with the understandings of the various major contributing factors discussed throughout this discussion and analysis.



TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

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, 2018, amounts to \$66,733,392 (net of accumulated depreciation). Capital assets increased by \$2,049,938, or 3% for governmental activities and increased by \$88,747, or 112% for business-type activities.

Major capital asset investments during fiscal year 2018 included building improvements (+7%), machinery and equipment (+6%), and infrastructure improvements (+7%). More specifically the land improvements represent park improvements capitalized in 2018. 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. The machinery and equipment increase was the result of scheduled department fleet and equipment replacements.

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

Table 4 - Capital Assets

Programs	Governmental Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 24,149,624	\$ 24,149,624	\$ -	\$ -	\$ 24,149,624	\$ 24,149,624
Land Improvements	5,491,721	5,445,772	-	-	5,491,721	5,445,772
Building and Improvement:	28,998,973	27,063,801	460,882	460,882	29,459,855	27,524,683
Machinery and Equipment	19,601,791	18,475,851	-	-	19,601,791	18,475,851
Infrastructure	25,705,317	23,917,987	-	-	25,705,317	23,917,987
Construction in Progress	870,930	316,739	91,084	-	962,014	316,739
Accumulated Depreciation	(38,253,020)	(34,854,376)	(383,910)	(381,573)	(38,636,930)	(35,235,949)
<b>Total</b>	<b>\$ 66,565,336</b>	<b>\$ 64,515,398</b>	<b>\$ 168,056</b>	<b>\$ 79,309</b>	<b>\$ 66,733,392</b>	<b>\$ 64,594,707</b>

Debt - As of December 31, 2018, the Township had outstanding general obligation bonds totaling \$55,225,000. This is down from \$56,825,000 on December 31, 2017. In the current year, the Township paid \$2,600,000 in principal and \$1,860,830 in interest on outstanding debt. Also, the Township drew \$1,000,000 in sewer improvement notes in 2018, representing the only new long-term debt [not including capital leases for department vehicles]. 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
	2018	2017	2018	2017	
General Obligation Bonds	\$ 55,225,000	\$ 56,825,000	\$ -	\$ -	2026, 2028, 2034 2035, 2037, and 2043

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2018

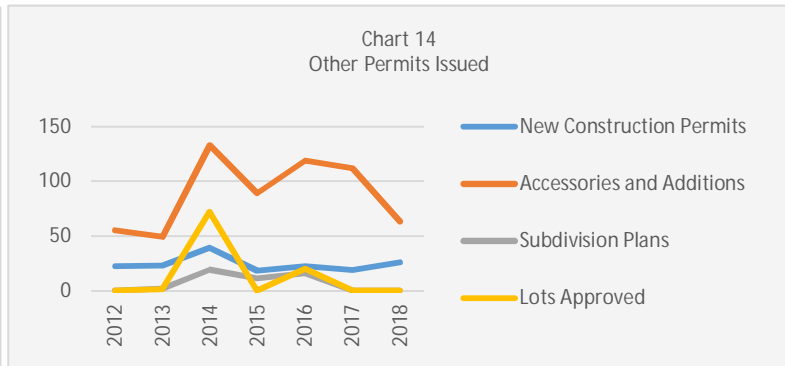
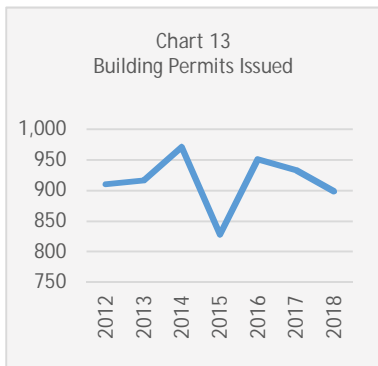
Economic Factors and Major Initiatives

The following represent some of the significant items identified by Township management for 2018:

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, there are several positive indicators of economic health in Radnor Township, each of which highlights different aspects of the economy:

- Business Privilege and Mercantile Tax levied on the gross receipts of commercial and retail business activity has grown by 18% since 2012 [post-recession] from a combined \$8,578,974 to \$10,129,423 in 2018 and the number of businesses filing has increased by 25% over the same time. Since the recession, not only did BPT revenues grow quickly, but they have remained strong floating around \$10 million annually. At that amount, these business taxes provide a significant benefit to the residents of Radnor, allowing the Township to keep real estate tax rates lower than our neighbors but still offer the same level of exceptional services.
- Real estate Transfer Tax levied as a fixed percent of the value of every real estate transaction has grown by 41% since 2012 from \$2,480,143 to \$3,492,685 in 2018. 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 \$1,018,904 in 2018. This demonstrates an expanding work base and compliments the economic indicators provided by the business privilege tax performance.
- 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 55% since 2012 from \$2,812,427 to \$4,361,921 in 2018. Similar to the business privilege tax, the annual permitting revenue has been strong each year, floating between \$3.5 and \$4.5 million per year.

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



TOWNSHIP OF RADNOR, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

Economic Factors and Major Initiatives (continued)

The Township also continues to focus on the long-term financial health of the Township. In 2019, the Board of Commissioners has scheduled a series of special meetings to address the larger issues facing the Township. The Board's goal with the meetings is to have serious public discussion on these topics and develop consensus on how to address them. The meetings, the topics and a summary are as follows:

Meeting Date	Topic	Summary of the Issue
February 19	Goal Setting	Identify Commissioner priorities towards the future meeting topics and other matters that Commissioners would like to see addressed
March 18	Fire Company Funding	Review fire company needs, financial situation and long-term requests of the Township moving forward
April 29	Capital Plan Development	Begin the development of a fully-funded long-term capital plan for all General Capital
May 13	Sanitary Sewer System	Overview of Fund financials, sewer rent rate, and capital needs; develop policies that comprehensively fund the Township owned utility system
June 17	Stormwater Program	Overview of Fund financials, flood reduction needs, federal mandates, and infrastructure replacement needs; develop long-term plan to resolve these issues
July 8	Community Organization Funding	Review amounts already being contributed, hear from community organizations on need, develop policies that direct future funding
September 16	Tree and Sidewalk Maintenance Program	Discuss this growing concern, discuss best practice strategies to address, act on legislation needed to set policy and funding going forward
October 28	Township Facilities	Review of all Township owned facilities (including parks and trails); discuss need to reevaluation and/or funding
November 18	Safety Service Communication	Review the communication coverage gaps in the Township; discuss strategies and funding to correct them

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

TOWNSHIP OF RADNOR, PENNSYLVANIA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 11,156,795	\$ 123,730	\$ 11,280,525
Investments	8,973,781	498,000	9,471,781
Receivables			
Real Estate Taxes, Net	227,101	-	227,101
Local Enabling Taxes	249,410	-	249,410
Sewer Rents and Stormwater Fees	403,727	-	403,727
Special Assessments	249,395	-	249,395
Other	892,798	-	892,798
Prepaid Items	89,208	5,709	94,917
Loans Receivable (Due Beyond One Year)	830,000	-	830,000
Capital Assets			
Land and Construction in Progress	25,020,554	-	25,020,554
Other Capital Assets, Net of Depreciation	41,544,782	168,056	41,712,838
Total Capital Assets	<u>66,565,336</u>	<u>168,056</u>	<u>66,733,392</u>
Total Assets	<u>89,637,551</u>	<u>795,495</u>	<u>90,433,046</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	2,027,056	-	2,027,056
OPEB	594,121	-	594,121
Pensions	8,590,440	-	8,590,440
Total Deferred Outflows of Resources	<u>11,211,617</u>	<u>-</u>	<u>11,211,617</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	772,545	2,501	775,046
Accrued Interest Payable	432,911	-	432,911
Unearned Revenue	609,443	-	609,443
Noncurrent Liabilities:			
Due Within One Year	4,718,288	-	4,718,288
Due in More than One Year	56,044,223	-	56,044,223
Net Pension Liability	24,231,370	-	24,231,370
Net OPEB Liability	46,741,703	-	46,741,703
Total Liabilities	<u>133,550,483</u>	<u>2,501</u>	<u>133,552,984</u>
<b>Deferred Inflows of Resources</b>			
Pensions	1,652,794	-	1,652,794
Total Deferred Inflows of Resources	<u>1,652,794</u>	<u>-</u>	<u>1,652,794</u>
<b>Net Position</b>			
Net Investment in Capital Assets	12,621,702	168,056	12,789,758
Restricted:			
Highways	941,500	-	941,500
Unrestricted (Deficit)	(47,917,311)	624,938	(47,292,373)
Total Net Position (Deficit)	<u>\$ (34,354,109)</u>	<u>\$ 792,994</u>	<u>\$ (33,561,115)</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF RADNOR, PENNSYLVANIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

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
<b>Governmental Activities:</b>							
General Government	\$ 5,426,877	\$ 2,340,584	\$ 1,001,968	\$ -	\$ (2,084,325)	\$ -	\$ (2,084,325)
Protection to Persons and Property	16,669,973	3,540,161	298,501	-	(12,831,311)	-	(12,831,311)
Health and Sanitation	9,649,156	6,469,297	-	-	(3,179,859)	-	(3,179,859)
Highways	4,756,765	8,413	136,029	891,999	(3,720,324)	-	(3,720,324)
Library	928,360	-	-	1,416,667	488,307	-	488,307
Parks and Recreation	3,780,447	756,998	-	484,102	(2,539,347)	-	(2,539,347)
Interest on Long-Term Debt	1,917,169	-	-	-	(1,917,169)	-	(1,917,169)
Total Governmental Activities	<u>43,128,747</u>	<u>13,115,453</u>	<u>1,436,498</u>	<u>2,792,768</u>	<u>(25,784,028)</u>	<u>-</u>	<u>(25,784,028)</u>
<b>Business-Type Activities:</b>							
Willows Fund	118,705	-	-	-	-	(118,705)	(118,705)
Total Business-Type Activities	<u>118,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,705)</u>	<u>(118,705)</u>
Total Primary Government	<u>\$ 43,247,452</u>	<u>\$ 13,115,453</u>	<u>\$ 1,436,498</u>	<u>\$ 2,792,768</u>	<u>(25,784,028)</u>	<u>(118,705)</u>	<u>(25,902,733)</u>
<b>General revenues:</b>							
Taxes:							
Real Estate					12,527,235	-	12,527,235
Taxes Levied under Local Tax Enabling Act:							
Real Estate Transfer					3,492,685	-	3,492,685
Mercantile					1,664,576	-	1,664,576
Business Privilege					8,464,847	-	8,464,847
Emergency and Municipal Services					1,018,904	-	1,018,904
Amusement					15,865	-	15,865
Interest and Rents					705,029	1,166	706,195
Transfers In/(Out)					(815,931)	815,931	-
Total general revenues					<u>27,073,210</u>	<u>817,097</u>	<u>27,890,307</u>
Change in Net Position					1,289,182	698,392	1,987,574
Net Position (Deficit), Beginning of Year as restated (Note 10)					<u>(35,643,291)</u>	<u>94,602</u>	<u>(35,548,689)</u>
Net Position (Deficit), Ending					<u>\$ (34,354,109)</u>	<u>\$ 792,994</u>	<u>\$ (33,561,115)</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF RADNOR, PENNSYLVANIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Major Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Sewer	Park Improvements and Open Space	Storm Water	Debt Service	Special Assessment	Capital Improvement		
<b>Assets</b>									
Cash and Cash Equivalents	\$ 2,766,904	\$ 454,512	\$ 14,767	\$ 1,706,421	\$ 76,798	\$ 125,241	\$ 4,731,375	\$ 1,280,777	\$ 11,156,795
Investments	5,801,504	501,277	-	2,573,000	-	-	98,000	-	8,973,781
Receivables, Net:									
Real Estate Taxes	227,101	-	-	-	-	-	-	-	227,101
Local Enabling Taxes	249,410	-	-	-	-	-	-	-	249,410
Sewer Rents and Stormwater Fees	-	360,360	-	43,367	-	-	-	-	403,727
Special Assessments	-	-	-	-	-	249,395	-	-	249,395
Other	778,711	-	113,857	230	-	-	-	-	892,798
Prepaid Items	85,169	4,039	-	-	-	-	-	-	89,208
Due from Other Funds	605,000	-	-	-	-	-	22,400	-	627,400
Loans Receivable	-	-	-	-	830,000	-	-	-	830,000
Total Assets	<u>\$ 10,513,799</u>	<u>\$ 1,320,188</u>	<u>\$ 128,624</u>	<u>\$ 4,323,018</u>	<u>\$ 906,798</u>	<u>\$ 374,636</u>	<u>\$ 4,851,775</u>	<u>\$ 1,280,777</u>	<u>\$ 23,699,615</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts Payable and Accrued Liabilities	\$ 589,925	\$ 52,588	\$ -	\$ 77,344	\$ -	\$ -	\$ 52,688	\$ -	\$ 772,545
Due to Other Funds	-	-	605,000	-	-	-	-	22,400	627,400
Unearned Revenues	77,371	348,118	-	43,367	-	-	140,587	-	609,443
Total Liabilities	<u>667,296</u>	<u>400,706</u>	<u>605,000</u>	<u>120,711</u>	<u>-</u>	<u>-</u>	<u>193,275</u>	<u>22,400</u>	<u>2,009,388</u>
<b>Deferred Inflows of Resources</b>									
Unavailable Revenues	138,252	-	-	-	-	244,395	-	-	382,647
Total Deferred Inflows of Resources	<u>138,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,395</u>	<u>-</u>	<u>-</u>	<u>382,647</u>
<b>Fund Balance</b>									
Nonspendable	85,169	4,039	-	-	-	-	-	-	89,208
Restricted for:									
Debt Service	-	-	-	-	906,798	-	-	-	906,798
Capital Improvement	-	-	-	-	-	-	3,407,549	-	3,407,549
State Liquid Fuels Tax	-	-	-	-	-	-	-	941,500	941,500
Committed									
Recreation Fee	-	-	-	-	-	-	-	168,608	168,608
Storm Water	-	-	-	1,583,277	-	-	-	-	1,583,277
Assigned									
Subsequent Year Budget	1,601,807	915,443	-	2,619,030	-	-	1,250,951	8,428	6,395,659
Other	-	-	-	-	-	130,241	-	139,841	270,082
Unassigned									
Target 15% Fund Balance Reserve	4,524,923	-	-	-	-	-	-	-	4,524,923
Fund Balance Stabilization 10% Requirement	3,016,615	-	-	-	-	-	-	-	3,016,615
Other	479,737	-	(476,376)	-	-	-	-	-	3,361
Total Fund Balances	<u>9,708,251</u>	<u>919,482</u>	<u>(476,376)</u>	<u>4,202,307</u>	<u>906,798</u>	<u>130,241</u>	<u>4,658,500</u>	<u>1,258,377</u>	<u>21,307,580</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,513,799</u>	<u>\$ 1,320,188</u>	<u>\$ 128,624</u>	<u>\$ 4,323,018</u>	<u>\$ 906,798</u>	<u>\$ 374,636</u>	<u>\$ 4,851,775</u>	<u>\$ 1,280,777</u>	<u>\$ 23,699,615</u>

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, 2018

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

Total Governmental Fund Balances	\$	21,307,580
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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		104,818,356
Accumulated Depreciation		(38,253,020)
		66,565,336

Other Long-Term Receivables are not Available to Pay for Current-Period Expenditures and, therefore, are Deferred in the Funds.		382,647
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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		2,027,056
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Certain Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Funds:

Compensated Absences		(3,411,328)
Capital Lease		(1,264,407)
Deferred Outflows of Resources - Pension		8,590,440
Deferred Outflows of Resources - OPEB		594,121
Deferred Inflows of Resources - Pension		(1,652,794)
Net OPEB Liability		(46,741,703)
Net Pension Liability		(24,231,370)
Accrued Interest Payable		(432,911)
General Obligation Bonds Payable		(56,086,776)
		(124,636,728)

Net Position of Governmental Activities	\$	(34,354,109)
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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, 2018

	Major Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Sewer	Park Improvements and Open Space	Storm Water	Debt Service	Special Assessment		
<b>Revenues:</b>								
Real Estate Taxes	\$ 12,557,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,557,190
Taxes Levied under Local Tax Enabling Act:								
Real Estate Transfer	2,591,050	-	901,635	-	-	-	-	3,492,685
Mercantile	1,664,576	-	-	-	-	-	-	1,664,576
Business Privilege	8,464,847	-	-	-	-	-	-	8,464,847
Local Services	1,018,904	-	-	-	-	-	-	1,018,904
Amusement	15,865	-	-	-	-	-	-	15,865
Licenses and Permits	4,361,921	-	-	-	-	-	-	4,361,921
Fines, Forfeits and Costs	417,968	-	-	-	-	-	162,568	580,536
Interest and Rents	299,350	28,646	193,807	54,715	31,228	3,734	77,172	705,029
Grants and Gifts	1,436,498	-	-	-	-	-	2,108,121	4,452,878
Departmental Earnings	1,437,764	5,113,349	-	1,086,991	-	8,413	-	7,646,517
Refunds and Miscellaneous	253,262	25,751	-	17,571	-	-	12,528	309,112
<b>Total Revenues</b>	<b>34,519,195</b>	<b>5,167,746</b>	<b>1,095,442</b>	<b>1,159,277</b>	<b>31,228</b>	<b>12,147</b>	<b>2,197,821</b>	<b>45,270,060</b>
<b>Expenditures:</b>								
Current								
General Government	3,151,028	-	-	-	-	-	453,520	3,604,548
Protection to Persons and Property	12,035,029	-	-	-	-	-	378,929	12,413,958
Health and Sanitation	2,995,557	5,224,585	-	262,607	-	-	42,923	8,525,672
Highways	2,765,113	-	-	-	-	-	252,442	3,146,822
Library	903,261	-	-	-	-	-	25,099	928,360
Parks and Recreation	2,685,523	-	-	-	-	-	230,352	2,943,634
Miscellaneous								
Employee Benefits	2,717,860	-	-	-	-	-	-	2,717,860
OPEB Trust Contributions	1,059,209	-	-	-	-	-	-	1,059,209
Insurance	357,652	-	-	-	-	-	-	357,652
Other	220,771	-	-	-	-	-	-	220,771
Capital Outlay	1,275,150	874,668	-	253,575	-	-	2,625,289	5,448,582
Debt Service								
Principal Retirement	-	-	-	-	2,600,000	-	-	2,600,000
Interest	-	-	-	-	1,860,830	-	-	1,860,830
<b>Total Expenditures</b>	<b>30,166,153</b>	<b>6,099,253</b>	<b>-</b>	<b>516,182</b>	<b>4,460,830</b>	<b>-</b>	<b>4,008,554</b>	<b>45,827,898</b>
Excess of Revenues over (under) Expenditures	4,353,042	(931,507)	1,095,442	643,095	(4,429,602)	12,147	(1,810,733)	510,278
<b>Other Financing Sources (Uses):</b>								
Proceeds from Note Issuance	-	1,000,000	-	-	-	-	-	1,000,000
Capital Lease Acquisition	-	-	-	-	-	-	193,810	193,810
Transfers In	640,019	1,153,000	-	-	4,418,822	-	1,250,000	7,461,841
Transfers Out	(5,703,312)	(956,664)	(1,246,009)	-	-	(46,787)	-	(8,277,772)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,063,293)</b>	<b>1,196,336</b>	<b>(1,246,009)</b>	<b>-</b>	<b>4,418,822</b>	<b>(46,787)</b>	<b>1,443,810</b>	<b>377,879</b>
<b>Net Changes in Fund Balances</b>	<b>(710,251)</b>	<b>264,829</b>	<b>(150,567)</b>	<b>643,095</b>	<b>(10,780)</b>	<b>(34,640)</b>	<b>(366,923)</b>	<b>185,278</b>
Fund Balances (Deficit) - Beginning	10,418,502	654,653	(325,809)	3,559,212	917,578	164,881	5,025,423	21,487,539
Fund Balances (Deficit) - Ending	\$ 9,708,251	\$ 919,482	\$ (476,376)	\$ 4,202,307	\$ 906,798	\$ 130,241	\$ 4,658,500	\$ 21,307,580

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, 2018

Net changes in fund balances - total governmental funds	<u>\$ (179,959)</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	5,448,582
Depreciation Expense	(3,398,644)
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.	
	(36,200)
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 Principal Payments exceeding the Proceeds of Issuance	
	1,600,000
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	4,280
Change in Deferred Charge on Refunding	(141,183)
Change in Compensated Absences:	
General Government	(26,437)
Protection to Persons and Property	467,150
Health and Sanitation	111,337
Highways	(64,958)
Parks and Recreation	18,452
	<u>505,544</u>
Change in OPEB Obligation:	
General Government	(200,649)
Protection to Persons and Property	(1,130,355)
Health and Sanitation	(282,569)
Highways	(203,093)
Parks and Recreation	(230,446)
	<u>(2,047,112)</u>
Change in Pension Benefit Expense:	
General Government	(84,905)
Protection to Persons and Property	(439,959)
Health and Sanitation	(119,570)
Highways	(85,939)
Parks and Recreation	(97,515)
	<u>(827,888)</u>
Change in Capital Lease Obligation:	281,198
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>\$ 1,289,182</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, 2018

	Business-Type Activities
	Willows
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 123,730
Investments	498,000
Prepaid Expenses	5,709
Total Current Assets	627,439
Noncurrent Assets	
Capital Assets	
Construction In Progress	91,084
Buildings and Improvements	460,882
Less Accumulated Depreciation	(383,910)
Total Noncurrent Assets	168,056
Total Assets	795,495
Liabilities	
Current Liabilities	
Accounts Payable	2,501
Total Current Liabilities	2,501
Net Position	
Investment in Capital Assets	168,056
Unrestricted	624,938
Total Net Position	\$ 792,994

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, 2018

	Business-Type Activities Willows
Operating Revenues	
Charges for Service	\$ -
Total Operating Revenues	-
Operating Expenses	
Operations	116,368
Depreciation	2,337
Total Operating Expenses	118,705
Operating Loss	(118,705)
Nonoperating Revenues	
Investment Income	1,166
Total Nonoperating Revenues	1,166
Transfer In	815,931
Change in Net Position	698,392
Net Position - Beginning of Year	94,602
Net Position - End of Year	\$ 792,994

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, 2018

	Business-Type Activities
	Willows
Cash Flows from Operating Activities	
Payments to Suppliers	\$ (114,968)
Net Cash Used in Operating Activities	(114,968)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Fund	815,931
Net Cash Provided by Noncapital Financing Activities	815,931
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Property and Equipment	(91,084)
Net Cash Provided by Capital and Related Financing Activities	(91,084)
Cash Flows from Investing Activities	
Purchase of Certificate of Deposit	(498,000)
Interest Received	1,166
Net Cash Used In Investing Activities	(496,834)
Increase (Decrease) in Cash and Cash Equivalents	113,045
Cash and Cash Equivalents - Beginning of Year	10,685
Cash and Cash Equivalents - End of Year	\$ 123,730
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (118,705)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	2,337
Change in Assets and Liabilities	
Prepaid Expenses	(1,101)
Accounts Payable	2,501
Net Cash Used in Operating Activities	\$ (114,968)

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF RADNOR, PENNSYLVANIA  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2018

	Trust Funds	Agency
Assets:		
Cash and cash equivalents	\$ 3,956,018	\$ 3,529,419
Investments:		
Equity Mutual Funds	27,240,507	-
Fixed Income Mutual Funds	25,752,021	-
International Mutual Funds	7,347,583	-
Certificates of Deposit	428,000	-
U.S. Government and Agency Securities	200,000	-
Life Insurance Cash Surrender Value	1,398,516	-
Receivables:		
Accrued Interest	57,564	-
Total assets	66,380,209	\$ 3,529,419
Liabilities:		
Accounts Payable	132,807	\$ -
Deposits Payable	-	3,529,419
Total Liabilities	132,807	\$ 3,529,419
Net position:		
Net Position Restricted for Pensions	59,216,048	
Net Position Restricted for OPEB	7,031,354	
Total Net Position	\$ 66,247,402	

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, 2018

	<u>Trust Funds</u>
Additions:	
Contributions:	
Commonwealth of Pennsylvania	\$ 726,080
Employer	4,745,175
Members	468,639
Total contributions	<u>5,939,894</u>
Investment Earnings:	
Net Investment Loss	(4,820,785)
Interest Earnings	1,651,198
Investment Expense	(140,124)
Net investment earnings	<u>(3,309,711)</u>
Total additions	<u>2,630,183</u>
Deductions:	
Benefits	5,706,340
Refund of Contributions	75,281
Administrative Expenses	120,180
Total deductions	<u>5,901,801</u>
Change in net position	(3,271,618)
Net Position Held in Trust for Benefits:	
Beginning of Year	<u>69,519,020</u>
End of Year	<u>\$ 66,247,402</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 13 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, 2018

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, 2018

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 Trail 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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:

Nonspendable – 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, 2018

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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These statements require governments to recognize a liability and 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, 2018

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, 2018 totaling \$90,604,370 are classified in the fund balance sheets/statements of net position as follows:

	Cash and Cash Equivalents	Investments	Total
General Fund	\$ 2,766,904	\$ 5,801,504	\$ 8,568,408
Special Revenue Funds			
Sewer Fund	454,512	501,277	955,789
Park Improvements and Open Space	14,767	-	14,767
Storm Water	1,706,421	2,573,000	4,279,421
Debt Service Fund	76,798	-	76,798
Capital Projects Funds			
Capital Improvement Fund	4,731,375	98,000	4,829,375
Special Assessment Fund	125,241	-	125,241
Nonmajor Governmental Fund	1,280,777	-	1,280,777
Enterprise Fund	123,730	498,000	621,730
Fiduciary Funds	7,485,437	62,366,627	69,852,064
Total	<u>\$ 18,765,962</u>	<u>\$ 71,838,408</u>	<u>\$ 90,604,370</u>

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, 2018, the Township's deposits with a carrying value of \$18,765,962 and bank balances of \$18,977,929 was exposed to custodial credit risk as follows:

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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)	18,727,929
	<u>\$ 18,977,929</u>

(A) This figure excludes petty cash.

Investments

Investments held as of December 31, 2018 are as follows:

Governmental Funds:	
Negotiable Certificates of Deposit	\$ 5,914,000
U.S. Governmental Agencies	2,975,000
PLGIT	84,781
	<u>8,973,781</u>
Business-Type Funds:	
Negotiable Certificates of Deposit	498,000
	<u>498,000</u>
Trust Funds:	
Money Funds (1)	1,295,590
Negotiable Certificates of Deposit	428,000
U.S. Governmental Agencies	200,000
Fixed Income Funds	25,752,021
International Mutual Funds	7,347,583
Equity Mutual Funds	27,240,507
Life Insurance Cash Surrender Value	1,398,516
	<u>63,662,217</u>
	<u>\$ 73,133,998</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, 2018

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, 2018:

	12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Fixed Income Mutual Funds	\$ 25,752,021	\$ 25,752,021	\$ -	\$ -
U.S. Government Agencies	3,175,000	3,175,000	-	-
Total debt securities	<u>28,927,021</u>	<u>28,927,021</u>	<u>-</u>	<u>-</u>
Equity securities				
Other mutual funds	34,672,871	34,672,871	-	-
Negotiable Certificate of Deposit	6,840,000	6,840,000	-	-
Total equity securities	<u>41,512,871</u>	<u>41,512,871</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 70,439,892</u>	<u>\$ 70,439,892</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 AAAM by Standard & Poor's. PLGIT issues separate financial statements available at [www.plgit.com](http://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, 2018

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, 2018, 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:

	Average Maturities (in years)					Total
	Less than 1	1-5	6-10	11-15	More than 15	
U.S Government Agencies	\$ 250,000	\$ -	\$ 1,335,000	\$ 1,590,000	\$ -	\$ 3,175,000
Fixed Income Funds	-	-	25,752,021	-	-	25,752,021
Certificates of Deposit	1,971,000	3,474,000	1,145,000	250,000	-	6,840,000
Total	<u>\$ 2,221,000</u>	<u>\$ 3,474,000</u>	<u>\$ 28,232,021</u>	<u>\$ 1,840,000</u>	<u>\$ -</u>	<u>\$ 35,767,021</u>

There were no investments in U.S. Government Agencies subject to be called in 2018.

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:

Investment Type	Fair Value	Credit Rating
U.S Government Agencies	\$ 3,175,000	AAA
Fixed Income Funds	4,131,317	A
Fixed Income Funds	12,551,316	BBB
Fixed Income Funds	7,328,930	BB
Fixed Income Funds	1,740,458	B

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

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 Bank and Federal National Mortgage Association. These investments are 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 Bank and Federal National Mortgage Association. These investments are 12% and 21%, 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 10% 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, 2018:

	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	\$ 627,400	\$ 627,400

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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, 2018:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 640,019	\$ 5,703,312
Special Revenue Fund		
Sewer Fund	1,153,000	956,664
Park Improvements and Open Space Fund	-	1,246,009
Special Assessment Fund	-	46,787
Debt Service Fund	4,418,822	-
Nonmajor Governmental Funds	-	325,000
Capital Improvements Fund	1,250,000	-
	7,461,841	8,277,772
Enterprise Funds:		
Willows Fund	815,931	-
	815,931	-
Total	\$ 8,277,772	\$ 8,277,772

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, 2018

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	<u>2017 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>2018 Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 24,149,624	\$ -	\$ -	\$ 24,149,624
Construction in Progress	316,739	554,191	-	870,930
Total Capital Assets not being Depreciated	<u>24,466,363</u>	<u>554,191</u>	<u>-</u>	<u>25,020,554</u>
Capital Assets, being Depreciated:				
Land Improvements	5,445,772	45,949	-	5,491,721
Buildings	27,063,801	1,935,172	-	28,998,973
Machinery and Equipment	18,475,851	1,125,940	-	19,601,791
Infrastructure	<u>23,917,987</u>	<u>1,787,330</u>	<u>-</u>	<u>25,705,317</u>
Total Capital Assets being Depreciated	<u>74,903,411</u>	<u>4,894,391</u>	<u>-</u>	<u>79,797,802</u>
Less Accumulated Depreciation for:				
Land Improvements	2,133,410	241,437	-	2,374,847
Buildings	7,826,466	994,367	-	8,820,833
Machinery and Equipment	14,183,510	1,252,278	-	15,435,788
Infrastructure	<u>10,710,990</u>	<u>910,562</u>	<u>-</u>	<u>11,621,552</u>
Total Accumulated Depreciation	<u>34,854,376</u>	<u>3,398,644</u>	<u>-</u>	<u>38,253,020</u>
Total Capital Assets being Depreciated, Net	<u>40,049,035</u>	<u>1,495,747</u>	<u>-</u>	<u>41,544,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 64,515,398</u>	<u>\$ 2,049,938</u>	<u>\$ -</u>	<u>\$ 66,565,336</u>
	<u>2017 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>2018 Balance</u>
Business Type Activities				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ -	\$ 91,084	\$ -	\$ 91,084
Total Capital Assets not being Depreciated	<u>-</u>	<u>91,084</u>	<u>-</u>	<u>91,084</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	<u>460,882</u>	<u>-</u>	<u>-</u>	<u>460,882</u>
Total Capital Assets being Depreciated	<u>460,882</u>	<u>-</u>	<u>-</u>	<u>460,882</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	<u>381,573</u>	<u>2,337</u>	<u>-</u>	<u>383,910</u>
Total Accumulated Depreciation	<u>381,573</u>	<u>2,337</u>	<u>-</u>	<u>383,910</u>
Total Capital Assets being Depreciated, Net	<u>79,309</u>	<u>(2,337)</u>	<u>-</u>	<u>76,972</u>
Business Type Activities Capital Assets, Net	<u>\$ 79,309</u>	<u>\$ 88,747</u>	<u>\$ -</u>	<u>\$ 168,056</u>



TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions / programs as follows:

Governmental Activities	\$ 1,260,640
General Government	300,477
Protection to Persons and Property	173,863
Health and Sanitation	1,259,169
Highways	<u>404,492</u>
Parks and Recreation	
Total Depreciation Expense, Governmental Activities	<u>\$ 3,398,641</u>
Business-Type Activities	<u>\$ 2,337</u>
Willow Fund	
Total Depreciation Expense, Business-Type Activities	<u>\$ 2,337</u>

NOTE 5 LOANS RECEIVABLE

The following is a summary of loans receivable at December 31, 2018:

Wayne Art Center	<u>\$ 830,000</u>
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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 loan balance of \$830,000 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  
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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 2023.

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

Cost	\$ 2,580,358
Accumulated Depreciation	1,380,247
Total	<u>\$ 1,200,111</u>

The future minimum lease payments under the capital leases and the net present value of future minimum capital lease payments at December 31, 2018 are as follows:

Year Ending December 31,	
2019	\$ 459,027
2020	390,096
2021	277,733
2022	149,074
2023	<u>42,331</u>
Total Minimum Lease Payments	1,318,261
Less: Amount Representing Interest	<u>53,854</u>
Present Value of Minimum Lease Payments	<u>\$ 1,264,407</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

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 7 LONG-TERM DEBT (CONTINUED)

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 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.

In December 2018 the Township issued \$4,545,000 of General Obligation Note, Series 2018. This Note is issued for the purpose of financing various capital projects and to pay the cost of issuing the Note. The Note is dated December 14, 2018 and has a maturity of June 1, 2028 with interest of 3.25%, being paid semi-annually, June 1 and December 1. Through December 31, 2018, \$1,000,000 has been drawn down by the Township.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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, 2018	2018 Additions	2018 Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities:							
General Obligations							
2010 Issue - 1.50% - 3.40%	2018	\$13,735,000	\$ 435,000	\$ -	\$ (435,000)	\$ -	\$ -
2012 Issue - 1.50% - 4.00%	2037	16,360,000	16,195,000	-	(35,000)	16,160,000	35,000
2013 Issue - .607% - 4.00%	2034	18,210,000	16,720,000	-	(1,175,000)	15,545,000	1,195,000
2014 Issue - 2.00% - 4.00%	2043	9,885,000	9,405,000	-	(245,000)	9,160,000	255,000
2015 Issue - 2.00% - 2.25%	2026	4,965,000	3,745,000	-	(380,000)	3,365,000	390,000
2015 A Issue - .75% - 4.00%	2035	5,275,000	5,050,000	-	(95,000)	4,955,000	525,000
2016 Issue - 2.00% - 3.00%	2035	5,765,000	5,275,000	-	(235,000)	5,040,000	240,000
2018 Issue - 3.25%	2028	4,545,000	-	1,000,000	-	1,000,000	195,000
Add/Less Deferred Amounts							
For Issuance Discount/Premium			942,340	-	(80,564)	861,776	-
Total General Obligation Debt			57,767,340	1,000,000	(2,680,564)	56,086,776	2,835,000
Capital Lease Obligations			1,545,605	193,810	(475,008)	1,264,407	436,752
Compensated Absences			3,916,872	91,395	(596,939)	3,411,328	1,446,536
Total Governmental Activities			<u>\$63,229,817</u>	<u>\$ 1,285,205</u>	<u>\$ (3,752,511)</u>	<u>\$60,762,511</u>	<u>\$ 4,718,288</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, 2018, the Township's legal debt limit under the Pennsylvania Local Government Unit Debt Act (the "Act") was approximately \$100,008,000 for non-electoral debt. After deducting the non-electoral debt outstanding of \$42,700,000, the Township's remaining borrowing capacity as of December 31, 2018, was approximately \$57,308,000 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, 2018

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:

	General Obligation		Total
	Principal	Interest	
2019	2,835,000	1,953,506	\$ 4,788,506
2020	2,650,000	1,877,255	4,527,255
2021	2,685,000	1,789,953	4,474,953
2022	2,370,000	1,706,726	4,076,726
2023	2,445,000	1,627,468	4,072,468
2024-2028	12,550,000	6,879,035	19,429,035
2029-2033	14,530,000	4,554,856	19,084,856
2034-2038	12,640,000	1,703,506	14,343,506
2039-2043	2,520,000	288,263	2,808,263
Total	<u>\$ 55,225,000</u>	<u>\$ 22,380,568</u>	<u>\$ 77,605,568</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, 2018

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Civilian	Police
Covered Employees	All Regular Full-Time Employees, Excluding Sworn Police Officers	All Regular, Full-Time Sworn Police Officers
Number of Covered Active Employees	64	45
Number of Persons Receiving Benefits: Inactive Employees currently receiving benefits	57	53
Inactive Employees Vested but not Receiving Benefits	17	2
Current Annual Covered Payroll	\$5,359,596	\$5,204,052
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, 2007, 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  
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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. These 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 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, 2018, 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 12/31/2017	\$ 37,168,207	\$ 29,697,536	\$ 7,470,671
Changes for the Year:			
Service Cost	645,327	-	645,327
Interest	2,678,666	-	2,678,666
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,580,042	(1,580,042)
Contributions - employee	-	276,577	(276,577)
Net investment income	-	(1,356,672)	1,356,672
Benefit payments and refunds of employee contributions	(1,763,700)	(1,763,700)	-
Administrative expense	-	(64,889)	64,889
Other changes	-	-	-
Net changes	1,560,293	(1,328,642)	2,888,935
Balance at 12/31/2018	<u>\$ 38,728,500</u>	<u>\$ 28,368,894</u>	<u>\$ 10,359,606</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Changes in the Net Pension Liability (Police)	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 43,193,831	\$ 32,311,038	\$ 10,882,793
Changes for the Year:			
Service Cost	904,801	-	904,801
Interest	3,108,530	-	3,108,530
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,440,042	(2,440,042)
Contributions - employee	-	192,062	(192,062)
Net investment income	-	(1,534,509)	1,534,509
Benefit payments and refunds of employee contributions	(2,488,244)	(2,488,244)	-
Administrative expense	-	(73,235)	73,235
Other changes	-	-	-
Net changes	<u>1,525,087</u>	<u>(1,463,884)</u>	<u>2,988,971</u>
Balance at 12/31/2018	<u>\$ 44,718,918</u>	<u>\$ 30,847,154</u>	<u>\$ 13,871,764</u>

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, 2018

NOTE 8      DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

In 2017 the Township made changes to their assumptions used to calculate their net pension liability for the Police and Civilian Pension Plans. Those changes in assumption included 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, 2018 measurement date are as follows:

Asset Class	Estimated Long-term Rates of Return
Equities	5.0% - 7.0%
Fixed Income	1.0% - 3.0%
Cash and Cash Equivalents	0.0% -1.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows 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 as determined in accordance with Act 205. Based on those assumptions, the pension Plans' 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 the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 14,783,522	\$ 10,359,606	\$ 6,587,516
Net Pension Liability - Police Pension Plan	19,214,482	13,871,764	9,427,607

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 8    DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2018:

<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, 2018, 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 2018 was (4.65)% and (4.79)% for the Civilian and Police Pension Plans, respectively. For plan year 2017, the money-weighted rate of return was 14.54% and 14.96% 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  
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DECEMBER 31, 2018

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, 2018, the Township recognized pension expense of \$4,847,972. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Civilian Employees Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,056	\$ 992,494
Changes in assumptions	1,881,423	-
Net difference between projected and actual earnings on pension plan investments	2,160,627	-
Total	<u>\$ 4,107,106</u>	<u>\$ 992,494</u>

Police Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 446,587	\$ 660,300
Changes in assumptions	1,691,353	-
Net difference between projected and actual earnings on pension plan investments	2,345,394	-
Total	<u>\$ 4,483,334</u>	<u>\$ 660,300</u>
Aggregate Total	<u>\$ 8,590,440</u>	<u>\$ 1,652,794</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,		
2019	\$ 1,310,881	\$ 973,850
2020	918,487	623,567
2021	595,988	549,412
2022	997,678	905,766
2023	-	62,017
Thereafter	-	-

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

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.

Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefit payments	88
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	105
Total	193

Benefits Provided

The Township provides postemployment health care benefits (including 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.

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. In 2018, there were no expenditures recognized for postemployment life insurance benefits.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

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 plan's 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, 2018:

<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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (4.88%). 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, 2018, were as follows:

Total OPEB Liability	\$ 53,773,057
Plan fiduciary net position	7,031,354
Township's net OPEB liability	<u>46,741,703</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>13.08%</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017 and update procedures were used to roll forward the plan's total net OPEB liability to December 31, 2018 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
Investment Rate of Return:	5.00%, net of OPEB plan investment expense, including inflation
Long-Term Expected Rate of Return	7.00%
Healthcare Cost Trend Rates:	
Medical/Vision	5.00% for Police and 5.00% Civilian
Prescription Drugs	8.00% for Police and 8.00% Civilian
Dental	3.00% for Police and Civilian
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, 2018

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 January 1, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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%. This is a single rate that reflects the long-term expected rate of return on assets expected to be available to finance projected benefits, and the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher applied to projected benefits thereafter. Based on the observed funding policy, the OPEB Plan's fiduciary net position is projected to be available to fund 23 years of future benefit payments.

Changes in the Net OPEB Liability:

Changes in the Township's net OPEB liability for the plan for the year ended December 31, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan's Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2017	\$ 51,613,495	\$ 7,513,025	\$ 44,100,470
Changes for the Year:			
Service Cost	1,211,553	-	1,211,553
Interest	2,600,445	-	2,600,445
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,451,171	(1,451,171)
Contributions - employee	-	-	-
Net investment income	-	(278,406)	278,406
Benefit payments	(1,652,436)	(1,652,436)	-
Administrative expense	-	(2,000)	2,000
Other changes	-	-	-
Net changes	2,159,562	(481,671)	2,641,233
Balance at 12/31/2018	\$ 53,773,057	\$ 7,031,354	\$ 46,741,703

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

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

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:

	1% Decrease 4.00%	Current Discount Rate 5.00%	1% Increase 6.00%
Net OPEB Liability	\$ 55,511,242	\$ 46,741,703	\$ 39,754,786

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:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ 39,156,154	\$ 46,741,703	\$ 56,518,995

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

For the year ended December 31, 2018, the Township recognized OPEB expense of \$3,498,283. At December 31, 2018, the Township reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -
Changes in assumptions	-
Net difference between projected and actual earnings on OPEB plan investments	594,121
Total	\$ 594,121

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

Year ending June 30:	
2019	\$ 148,530
2020	148,530
2021	148,530
2022	148,531
2023	-
Thereafter	-
Total	\$ 594,121



TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 10 RESTATEMENT OF NET POSITION

Beginning government-wide governmental activities net position was restated for the implementation of GASB 75.

	Government-Wide
	Governmental Activities
Beginning Net Position (Deficit), previously reported	\$ (14,682,578)
Adjustment for adoption of GASB 75	(20,960,713)
Beginning Net Position (Deficit), as restated	\$ (35,643,291)

NOTE 11 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.

NOTE 12 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 2018, 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

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 12 RISK MANAGEMENT (CONTINUED)

Employee Health Benefits Plan (Continued)

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, 2018, the Township accumulated \$883,398 in stabilization credits of which \$306,734 was earned in the current year. The Township has chosen to utilize \$578,210 to offset 2018 premium increases.

NOTE 13 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 2018, the Township paid the RHM Sewer Authority \$3,908,841 from the Township's Sewer Fund.

Summarized financial information for the RHM Sewer Authority as of December 31, 2017 and for the year then ended (the most recently available information) is shown below:

Cash and Investments	\$ 10,807,187
Receivables	505,601
Plant in Service	442,297
Other Assets	1,123,999
Total Assets	<u>\$ 12,879,084</u>
Liabilities	\$ 4,365,339
Equity	8,513,745
Total Liabilities and Equity	<u>\$ 12,879,084</u>
Total Revenues	<u>\$ 8,364,776</u>
Total Expenses	<u>\$ 7,597,428</u>

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

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 14 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 13, 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.

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 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, 2018.

The Township adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 adoption of this statement resulted in a restatement of net position (see Note 10) and additional disclosures (See Note 9).

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 adoption of Statement No. 85 had no impact on the Township's financial statements.

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 adoption of Statement No. 86 had no impact on the Township's financial statements.

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

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 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.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The provisions of this Statement are effective for financial statements in periods beginning after December 15, 2019. The Township has not yet completed the process of evaluating the impact on GASB 89 on its financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2018

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018. The Township has not yet completed the process of evaluating the impact on GASB 90 on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020. The Township has not yet completed the process of evaluating the impact on GASB 91 on its financial statements.

NOTE 16 COMPLIANCE

The following funds had excess of actual expenditures over budget for the year ended December 31, 2018:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess over Appropriations</u>
Sewer Fund	\$ 5,967,073	\$ 6,099,253	\$ 132,180
Storm Water	444,881	516,182	71,301

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

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 17 COMBINING PENSION AND OPEB TRUST FUNDS

The following is a combining schedule of Fiduciary Net Position and Fiduciary Changes in Net Position for the Township's Pension and OPEB Trust Funds:

	Pension Trust Funds				
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds	OPEB Reserve Trust Fund	Total Trust Fund
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,649,962	\$ 1,660,487	\$ 3,310,449	\$ 645,569	\$ 3,956,018
Investments	29,226,937	26,735,905	55,962,842	5,005,269	60,968,111
Life Insurance Cash Value	-	-	-	1,398,516	1,398,516
Receivables	57,408	156	57,564	-	57,564
<b>Total Assets</b>	<b>30,934,307</b>	<b>28,396,548</b>	<b>59,330,855</b>	<b>7,049,354</b>	<b>66,380,209</b>
<b>Liabilities</b>					
Accounts Payable	87,153	27,654	114,807	18,000	132,807
<b>Total Liabilities</b>	<b>87,153</b>	<b>27,654</b>	<b>114,807</b>	<b>18,000</b>	<b>132,807</b>
<b>Net Position</b>					
Net Position for Pensions	30,847,154	28,368,894	59,216,048	-	59,216,048
Held in Trust for OPEB Benefits	-	-	-	7,031,354	7,031,354
<b>Total Fund Balances</b>	<b>\$ 30,847,154</b>	<b>\$ 28,368,894</b>	<b>\$ 59,216,048</b>	<b>\$ 7,031,354</b>	<b>\$ 66,247,402</b>

	Pension Trust Funds				
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds	OPEB Reserve Trust Fund	Total Trust Fund
<b>Additions:</b>					
<b>Contributions:</b>					
Commonwealth of Pennsylvania	\$ 402,857	\$ 323,223	\$ 726,080	\$ -	\$ 726,080
Employer	2,037,185	1,256,819	3,294,004	1,451,171	4,745,175
Members	192,062	276,577	468,639	-	468,639
<b>Total contributions</b>	<b>2,632,104</b>	<b>1,856,619</b>	<b>4,488,723</b>	<b>1,451,171</b>	<b>5,939,894</b>
<b>Investment Earning (Losses):</b>					
Investment Gain (Loss)	(2,340,015)	(2,079,906)	(4,419,921)	(400,864)	(4,820,785)
Interest Earnings	805,506	723,234	1,528,740	122,458	1,651,198
Investment Expense	(73,235)	(64,889)	(138,124)	(2,000)	(140,124)
<b>Net Investment Earnings (Losses)</b>	<b>(1,607,744)</b>	<b>(1,421,561)</b>	<b>(3,029,305)</b>	<b>(280,406)</b>	<b>(3,309,711)</b>
<b>Total Additions</b>	<b>1,024,360</b>	<b>435,058</b>	<b>1,459,418</b>	<b>1,170,765</b>	<b>2,630,183</b>
<b>Deductions:</b>					
Benefit Payments	2,450,076	1,701,805	4,151,881	1,554,459	5,706,340
Refund of Contributions	63,978	3,954	67,932	7,349	75,281
Administrative Expenses	(25,810)	57,941	32,131	88,049	120,180
<b>Total Deductions</b>	<b>2,488,244</b>	<b>1,763,700</b>	<b>4,251,944</b>	<b>1,649,857</b>	<b>5,901,801</b>
<b>Changes in Plan Net Position</b>	<b>(1,463,884)</b>	<b>(1,328,642)</b>	<b>(2,792,526)</b>	<b>(479,092)</b>	<b>(3,271,618)</b>
<b>Net Position Held in Trust for Pension Benefits:</b>					
Beginning of Year	32,311,038	29,697,536	62,008,574	7,510,446	69,519,020
<b>End of Year</b>	<b>\$ 30,847,154</b>	<b>\$ 28,368,894</b>	<b>\$ 59,216,048</b>	<b>\$ 7,031,354</b>	<b>\$ 66,247,402</b>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 18 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through the report issue date of June 24, 2019.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



TOWNSHIP OF RADNOR, PENNSYLVANIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
 POLICE AND CIVILIAN PENSION PLANS  
 10 YEARS ENDED DECEMBER 31, 2018

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
2018	\$ 2,440,000	\$ 2,440,042	\$ (42)	\$ 5,204,052	46.9%
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	-	*	

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
2018	\$ 1,580,000	\$ 1,580,042	\$ (42)	\$ 5,359,596	29.5%
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	-	*	

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

TOWNSHIP OF RADNOR, PENNSYLVANIA REQUIRED  
SUPPLEMENTARY INFORMATION SCHEDULE OF  
EMPLOYER CONTRIBUTIONS -POLICE AND CIVILIAN  
PENSION PLANS (CONTINUED)  
10 YEARS ENDED DECEMBER 31, 2018

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.

Effective January 1, 2017 the inflation lowered to 2.75%; interest rate lowered from 7.50% to 7.25%; mortality assumption updated to RP-2014 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.

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>
2018	-4.79%	-4.65%
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 five 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			
	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 904,801	\$ 895,831	\$ 802,246	\$ 764,044
Interest	3,108,530	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	(2,488,244)	(2,270,060)	(2,242,068)	(2,265,169)
Net change in Total Pension Liability	<u>1,525,087</u>	<u>3,103,318</u>	<u>1,436,816</u>	<u>2,774,870</u>
Total Pension Liability - Beginning	43,193,831	40,090,513	38,653,697	35,878,827
Total Pension Liability - Ending (a)	<u>\$ 44,718,918</u>	<u>\$ 43,193,831</u>	<u>\$ 40,090,513</u>	<u>\$ 38,653,697</u>
Plan Fiduciary Net Position				
Contributions - Employer and State Aid	\$ 2,440,042	\$ 2,322,459	\$ 2,292,575	\$ 2,190,861
Contributions - Member	192,062	135,856	165,078	149,817
Net Investment Income	(1,534,509)	4,148,892	1,618,766	(16,863)
Benefit Payments	(2,488,244)	(2,270,060)	(2,242,068)	(2,265,169)
Administrative Expense	(73,235)	(74,649)	(75,281)	(79,079)
Miscellaneous	-	10,029	250	250
Net Change in Plan Fiduciary Position	<u>(1,463,884)</u>	<u>4,272,527</u>	<u>1,759,320</u>	<u>(20,183)</u>
Plan Fiduciary Net Position - Beginning	32,311,038	28,038,511	26,279,191	26,299,374
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,847,154</u>	<u>\$ 32,311,038</u>	<u>\$ 28,038,511</u>	<u>\$ 26,279,191</u>
Net Pension Liability (a) - (b)	<u>\$ 13,871,764</u>	<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	69.0%	74.8%	69.9%	68.0%
Covered Payroll	\$ 5,204,052	\$ 5,127,356	\$ 5,045,453	\$ 4,593,099
Net Pension Liability as a Percentage of Covered Payroll	266.6%	212.2%	238.9%	269.4%

Notes to schedule

Assumption changes:

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.

\* 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			
	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 645,327	\$ 632,230	\$ 639,178	\$ 694,479
Interest	2,678,666	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	(1,763,700)	(1,875,268)	(1,602,731)	(1,573,218)
Net change in Total Pension Liability	1,560,293	2,636,375	1,502,565	1,627,876
Total Pension Liability - Beginning	37,168,207	34,531,832	33,029,267	31,401,391
Total Pension Liability - Ending (a)	<u>\$ 38,728,500</u>	<u>\$ 37,168,207</u>	<u>\$ 34,531,832</u>	<u>\$ 33,029,267</u>
Plan Fiduciary Net Position				
Contributions - Employer and State Aid	\$ 1,580,042	\$ 1,852,440	\$ 1,845,031	\$ 2,020,351
Contributions - Member	276,577	285,314	293,274	291,807
Net Investment Income	(1,356,672)	3,708,161	1,429,380	(9,292)
Benefit Payments	(1,763,700)	(1,875,268)	(1,602,731)	(1,573,218)
Administrative Expense	(64,889)	(67,076)	(65,649)	(70,039)
Refund of Member Contributions	-	16	250	250
Net Change in Plan Fiduciary Position	(1,328,642)	3,903,587	1,899,555	659,859
Plan Fiduciary Net Position - Beginning	29,697,536	25,793,949	23,894,394	23,234,535
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,368,894</u>	<u>\$ 29,697,536</u>	<u>\$ 25,793,949</u>	<u>\$ 23,894,394</u>
Net Pension Liability (a) - (b)	<u>\$ 10,359,606</u>	<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	73.3%	79.9%	74.7%	72.3%
Covered Payroll	\$ 5,359,596	\$ 5,615,678	\$ 5,499,334	\$ 5,864,834
Net Pension Liability as a Percentage of Covered Payroll	193.3%	133.0%	158.9%	155.8%

Notes to schedule

Assumption changes:

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.

\* 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 CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
 LAST 10 YEARS

	2018	2017
Total OPEB Liability		
Service Cost	\$ 1,211,553	\$ 1,179,127
Interest	2,600,445	2,496,102
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments	(1,652,436)	(1,589,903)
Net Change in Total OPEB Liability	2,159,562	2,085,326
Total OPEB Liability - Beginning	51,613,495	49,528,169
Total OPEB Liability - Ending (a)	\$ 53,773,057	\$ 51,613,495
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,451,171	\$ 1,226,963
Net Investment Income	(278,406)	724,221
Benefit Payments	(1,652,436)	(1,589,903)
Administrative Expense	(2,000)	(2,000)
Net Change in Plan Fiduciary Net Position	(481,671)	359,281
Plan Fiduciary Net Position - Beginning	7,513,025	7,153,744
Plan Fiduciary Net Position - Ending (b)	\$ 7,031,354	\$ 7,513,025
Net OPEB Liability - Ending (a) - (b)	\$ 46,741,703	\$ 44,100,470
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.08%	14.56%
Covered Payroll	\$ 9,667,870	\$ 9,667,870
Net OPEB Liability as a Percentage of Covered Payroll	483.47%	456.15%

Notes to Schedule

The Township adopted GASB 74 on a prospective basis in 2017; therefore only two years are presented.

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

	2018	2017
Actuarially Determined Contribution	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution	1,451,171	2,042,281
Contribution Deficiency (Excess)	\$ 1,451,171	\$ 2,042,281
Covered Payroll	\$ 9,667,870	\$ 9,667,870
Contributions as a Percentage of Covered Payroll	15.01%	21.12%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution 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 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	5.00%% for Police and 5.00% Civilian
Prescription Drugs	8.00% for Police and 8.00% Civilian
Dental	3.00% for both Police and Civilian
Salary Increases	2.75%
Investment Rate of Return	5.00%
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 lives. (Police)  RP-2014 Mortality Table (Civilian)

Notes to Schedule

The Township adopted GASB 74 on a prospective basis in 2017; therefore only two years are presented.

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

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense:	-4.33%	15.26%

Notes to Schedule

The Township adopted GASB 67 on a prospective basis in 2017; therefore only two years are 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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Real Estate Taxes	\$ 12,836,143	\$ 12,836,143	\$ 12,557,190	\$ (278,953)
Taxes Levied Under Local Tax Enabling Act	14,774,045	14,774,045	13,755,242	(1,018,803)
License and Permits	4,204,200	4,204,200	4,361,921	157,721
Fines, Forfeits and Costs	617,500	617,500	398,146	(219,354)
Interest and Rents	350,000	350,000	292,752	(57,248)
Grants and Gifts	1,503,779	1,503,779	1,436,498	(67,281)
Department Earnings	1,618,500	1,618,500	1,437,764	(180,736)
Refunds and Miscellaneous	316,000	316,000	253,262	(62,738)
Total Revenues	<u>36,220,167</u>	<u>36,220,167</u>	<u>34,492,775</u>	<u>(1,727,392)</u>
Expenditures:				
Current:				
General Government	2,800,444	2,872,832	2,998,545	(125,713)
Protection to Person and Property	11,456,646	11,576,245	12,035,029	(458,784)
Public Works	2,699,279	2,711,510	2,995,557	(284,047)
Highways	3,671,075	3,799,964	2,765,113	1,034,851
Library	935,100	935,100	903,261	31,839
Parks and Recreation	2,653,922	2,680,647	2,685,523	(4,876)
Debt Service	-	-	-	-
Capital Outlay	-	-	1,225,420	(1,225,420)
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	<u>6,052,448</u>	<u>6,052,448</u>	<u>4,355,492</u>	<u>1,696,956</u>
Total Expenditures	<u>30,268,914</u>	<u>30,628,746</u>	<u>29,963,940</u>	<u>664,806</u>
Excess of Revenues over (under) Expenditures	5,951,253	5,591,421	4,528,835	(1,062,586)
Other Financing sources/(uses):				
Transfers In	3,529,480	3,529,480	640,019	(2,889,461)
Transfers Out	<u>(3,577,379)</u>	<u>(3,577,379)</u>	<u>(5,453,312)</u>	<u>(1,875,933)</u>
Total Other Financing sources/(uses)	<u>(47,899)</u>	<u>(47,899)</u>	<u>(4,813,293)</u>	<u>(4,765,394)</u>
Net Change in Fund Balance	5,903,354	5,543,522	(284,458)	(5,827,980)
Fund Balance - Beginning of Year (Budgetary Basis)	<u>11,853,873</u>	<u>11,853,873</u>	<u>9,644,556</u>	<u>(2,209,317)</u>
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 17,757,227</u>	<u>\$ 17,397,395</u>	\$ 9,360,098	<u>\$ (8,037,297)</u>
Non-GAAP Budgetary Basis Reconciliation				
Add Other Unbudgeted General Fund Ending Fund Balance				
\$8 Million Settlement Fund			338,133	
Investigation Fund			9,491	
Police K9 Fund			<u>529</u>	
Fund Balance - General Fund - End of Year (GAAP Basis)			<u>\$ 9,708,251</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 18,647	\$ 18,647	\$ 28,646	\$ 9,999
Department Earnings	5,481,800	5,481,800	5,113,349	(368,451)
Refunds and Miscellaneous	22,942	22,942	25,751	2,809
Total Revenues	<u>5,523,389</u>	<u>5,523,389</u>	<u>5,167,746</u>	<u>(355,643)</u>
Expenditures:				
Current:				
Health and Sanitation	5,795,483	5,967,073	5,224,585	742,488
Capital Outlay	-	-	874,668	(874,668)
Total Expenditures	<u>5,795,483</u>	<u>5,967,073</u>	<u>6,099,253</u>	<u>(132,180)</u>
Excess of Revenues over (under) Expenditures	(272,094)	(443,684)	(931,507)	(487,823)
Other Financing Sources (Uses):				
Proceeds from Note Issuance	3,500,000	3,500,000	1,000,000	2,500,000
Transfers In	-	-	1,153,000	(1,153,000)
Transfers Out	(4,061,682)	(4,061,682)	(956,664)	3,105,018
Total Other Financing Uses	<u>(561,682)</u>	<u>(561,682)</u>	<u>1,196,336</u>	<u>4,452,018</u>
Net Change in Fund Balance	(833,776)	(1,005,366)	264,829	3,964,195
Fund Balance - Beginning of Year (Budgetary Basis)	<u>1,328,919</u>	<u>1,328,919</u>	<u>654,653</u>	<u>(674,266)</u>
Fund Balance - End of Year	<u>\$ 495,143</u>	<u>\$ 323,553</u>	<u>\$ 919,482</u>	<u>\$ 3,289,929</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes Levied Under Local Tax Enabling Act	\$ 732,550	\$ 732,550	\$ 901,635	\$ 169,085
Interest and Rents	200	200	193,807	193,607
Total Revenues	<u>732,750</u>	<u>732,750</u>	<u>1,095,442</u>	<u>362,692</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	1,095,442	355,692
Other Financing Uses:				
Transfers Out	(1,245,698)	(1,245,698)	(1,246,009)	(311)
Total Other Financing uses	<u>(1,245,698)</u>	<u>(1,245,698)</u>	<u>(1,246,009)</u>	<u>(311)</u>
Net Change in Fund Balance	(512,948)	(519,948)	(150,567)	355,381
Fund Balance - Beginning of Year (Budgetary Basis)	<u>1,543,368</u>	<u>1,543,368</u>	<u>(325,809)</u>	<u>(1,869,177)</u>
Fund Balance - End of Year	<u>\$ 1,030,420</u>	<u>\$ 1,023,420</u>	<u>\$ (476,376)</u>	<u>\$ (1,513,796)</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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 2,500	\$ 2,500	\$ 54,715	\$ 52,215
Department Earnings	1,063,000	1,063,000	1,086,991	23,991
Refunds and Miscellaneous	4,000	4,000	17,571	13,571
Total Revenues	<u>1,069,500</u>	<u>1,069,500</u>	<u>1,159,277</u>	<u>89,777</u>
Expenditures:				
Current:				
Health and Sanitation	89,009	444,881	262,607	182,274
Capital Outlay	-	-	253,575	(253,575)
Total Expenditures	<u>89,009</u>	<u>444,881</u>	<u>516,182</u>	<u>(71,301)</u>
Net Change in Fund Balance	980,491	624,619	643,095	18,476
Fund Balance - Beginning of Year (Budgetary Basis)	<u>2,417,076</u>	<u>2,417,076</u>	<u>3,559,212</u>	<u>1,142,136</u>
Fund Balance - End of Year	<u>\$ 3,397,567</u>	<u>\$ 3,041,695</u>	<u>\$ 4,202,307</u>	<u>\$ 1,160,612</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -  
BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED DECEMBER 31, 2018

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	\$ 12,557,190	\$ -	\$ -	\$ -	\$ 12,557,190
Taxes Levied Under Local Tax Enabling Act	13,755,242	-	-	-	13,755,242
License and Permits	4,361,921	-	-	-	4,361,921
Fines, Forfeits and Costs	398,146	19,822	-	-	417,968
Interest and Rents	292,752	41	6,557	-	299,350
Grants and Gifts	1,436,498	-	-	-	1,436,498
Department Earnings	1,437,764	-	-	-	1,437,764
Refunds and Miscellaneous	253,262	-	-	-	253,262
Total Revenues	<u>34,492,775</u>	<u>19,863</u>	<u>6,557</u>	<u>-</u>	<u>34,519,195</u>
Expenditures:					
Current:					
General Government	2,998,545	15,060	137,423	-	3,151,028
Protection to Person and Property	12,035,029	-	-	-	12,035,029
Public Works	2,995,557	-	-	-	2,995,557
Highways	2,765,113	-	-	-	2,765,113
Library	903,261	-	-	-	903,261
Parks and Recreation	2,685,523	-	-	-	2,685,523
Capital Outlay	1,225,420	-	49,730	-	1,275,150
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	4,355,492	-	-	-	4,355,492
Total Expenditures	<u>29,963,940</u>	<u>15,060</u>	<u>187,153</u>	<u>-</u>	<u>30,166,153</u>
Excess of Revenues over (under) Expenditures	4,528,835	4,803	(180,596)	-	4,353,042
Other Financing Sources (Uses):					
Transfers In	640,019	-	-	-	640,019
Transfers Out	(5,453,312)	-	(250,000)	-	(5,703,312)
Total Other Financing uses	<u>(4,813,293)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>(5,063,293)</u>
Net Change in Fund Balance	(284,458)	4,803	(430,596)	-	(710,251)
Fund Balance - Beginning of Year (Budgetary Basis)	<u>9,644,556</u>	<u>4,688</u>	<u>768,729</u>	<u>529</u>	<u>10,418,502</u>
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 9,360,098</u>	<u>\$ 9,491</u>	<u>\$ 338,133</u>	<u>\$ 529</u>	<u>\$ 9,708,251</u>

**OTHER  
SUPPLEMENTARY  
INFORMATION**

TOWNSHIP OF RADNOR, PENNSYLVANIA  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2018

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, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Real Estate Taxes	\$ 12,836,143	\$ 12,836,143	\$ 12,557,190	\$ (278,953)
Taxes Levied Under Local Tax Enabling Act				
Real Estate Transfer Tax	2,581,575	2,581,575	2,591,050	9,475
Mercantile	1,207,000	1,207,000	1,664,576	457,576
Business Privilege	9,931,270	9,931,270	8,464,847	(1,466,423)
Emergency Municipal Services	1,029,200	1,029,200	1,018,904	(10,296)
Amusement	25,000	25,000	15,865	(9,135)
Total Taxes Levies Under Local Tax Enabling Act	14,774,045	14,774,045	13,755,242	(1,018,803)
License and Permits				
Beverage	11,800	11,800	13,500	1,700
Building, Electrical and Plumbing	2,872,300	2,872,300	2,977,538	105,238
Public Works and Engineering	21,200	21,200	139,999	118,799
Rental Housing	200,000	200,000	171,250	(28,750)
Health and Fire Prevention	91,000	91,000	92,863	1,863
Subdivision, Design and Zoning	271,200	271,200	236,737	(34,463)
Cable TV Franchise	726,700	726,700	725,084	(1,616)
Certificate of Occupancy	-	-	-	-
Sewage Enforcement	10,000	10,000	4,950	(5,050)
Total License and Permits	4,204,200	4,204,200	4,361,921	157,721
Fines, Forfeits and Costs				
Fines Levied by Police	392,500	392,500	272,998	(119,502)
Fines Levied by District Justice	225,000	225,000	125,148	(99,852)
Total Fines, Forfeits and Costs	617,500	617,500	398,146	(219,354)
Interest and Rents				
Interest Earned on Investments	200,000	200,000	180,199	(19,801)
Other	150,000	150,000	112,553	(37,447)
Total Interest and Rents	350,000	350,000	292,752	(57,248)
Revenues - Forward	\$ 32,781,888	\$ 32,781,888	\$ 31,365,251	\$ (1,416,637)



TOWNSHIP OF RADNOR, PENNSYLVANIA  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues - Forward	\$ 32,781,888	\$ 32,781,888	\$ 31,365,251	\$ (1,416,637)
Grants and Gifts - Other Federal and State	1,503,779	1,503,779	1,436,498	(67,281)
Department Earnings				
Parking Meter Fees	525,000	525,000	399,200	(125,800)
Police Extra Duty and Alarm Fees	360,000	360,000	248,044	(111,956)
Recreational Program Fees	530,000	530,000	551,514	21,514
Other	203,500	203,500	239,006	35,506
Total Departmental Earnings	<u>1,618,500</u>	<u>1,618,500</u>	<u>1,437,764</u>	<u>(180,736)</u>
Refunds and Miscellaneous				
Sale of Recycled Materials	-	-	2,415	2,415
Other	316,000	316,000	250,847	(65,153)
Total Refunds and Miscellaneous	<u>316,000</u>	<u>316,000</u>	<u>253,262</u>	<u>(62,738)</u>
Total Revenues	<u>36,220,167</u>	<u>36,220,167</u>	<u>34,492,775</u>	<u>(1,727,392)</u>
All Other Financing Sources:				
Transfers In	<u>3,529,480</u>	<u>3,529,480</u>	<u>640,019</u>	<u>(2,889,461)</u>
Total Revenues and Other Financing Sources	<u>\$ 39,749,647</u>	<u>\$ 39,749,647</u>	<u>\$ 35,132,794</u>	<u>\$ (4,616,853)</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY -  
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
General Government				
Administration	896,894	929,698	976,986	\$ (47,288)
Finance	1,088,810	1,089,093	1,110,515	(21,422)
Tax Collection	40,977	41,502	37,406	4,096
Information Technology	362,663	367,000	419,508	(52,508)
Township Buildings	411,100	445,539	454,130	(8,591)
Total General Government	<u>2,800,444</u>	<u>2,872,832</u>	<u>2,998,545</u>	<u>(125,713)</u>
Protection to Person and Property				
Community Development	1,055,486	1,069,591	1,050,393	19,198
Police Protection	9,266,280	9,371,774	9,922,069	(550,295)
Fire Protection	1,134,880	1,134,880	1,062,567	72,313
Total Protection to Person and Property	<u>11,456,646</u>	<u>11,576,245</u>	<u>12,035,029</u>	<u>(458,784)</u>
Public Works				
Solid Waste Collection	2,699,279	2,711,510	2,995,557	(284,047)
Engineering	937,406	983,128	448,882	534,246
Streets and Highways:				
General Services	1,749,088	1,763,016	923,741	839,275
Street Cleaning	3,500	3,500	26,844	(23,344)
Snow and Ice Removal	209,500	210,258	317,922	(107,664)
Traffic Signals and Signs	82,050	107,072	194,232	(87,160)
Street Lighting	282,500	287,869	227,497	60,372
Curbs and Sidewalks	4,100	4,100	28,827	(24,727)
Storm Sewers, Drainage	3,793	4,020	135,558	(131,538)
Repairs, Tools and Machinery	345,095	346,238	374,282	(28,044)
Road Maintenance and Repairs	54,043	90,763	87,328	3,435
Total Public Works	<u>6,370,354</u>	<u>6,511,474</u>	<u>5,760,670</u>	<u>750,804</u>
Library	<u>935,100</u>	<u>935,100</u>	<u>903,261</u>	<u>31,839</u>
Expenditures - Forward	\$ 21,562,544	\$ 21,895,651	\$ 21,697,505	\$ 198,146

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures - Forward	\$ 21,562,544	\$ 21,895,651	\$ 21,697,505	\$ 198,146
Parks and Recreation				
Administration	331,277	331,277	337,895	(6,618)
Parks Maintenance	1,924,500	1,946,506	1,949,535	(3,029)
Recreation Programs	338,339	338,319	324,849	13,470
Sulpizio Gym	59,806	64,545	73,244	(8,699)
Total Parks and Recreation	<u>2,653,922</u>	<u>2,680,647</u>	<u>2,685,523</u>	<u>(4,876)</u>
Capital Outlay	-	-	1,225,420	(1,225,420)
Other - Nondepartmental (Employee Benefits, Insurance, Contributions, and Miscellaneous)	<u>6,052,448</u>	<u>6,052,448</u>	<u>4,355,492</u>	<u>1,696,956</u>
Total Expenditures	<u>30,268,914</u>	<u>30,628,746</u>	<u>29,963,940</u>	<u>664,806</u>
Other Financing Uses:				
Transfers Out	<u>3,577,379</u>	<u>3,577,379</u>	<u>5,453,312</u>	<u>1,875,933</u>
Total Other Financing Uses	<u>3,577,379</u>	<u>3,577,379</u>	<u>5,453,312</u>	<u>1,875,933</u>
Total Expenditures and Other Financing Uses	<u>\$ 33,846,293</u>	<u>\$ 34,206,125</u>	<u>\$ 35,417,252</u>	<u>\$ 2,540,739</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2018

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 30,063	\$ 30,063	\$ 31,228	\$ 1,165
Total Revenues	<u>30,063</u>	<u>30,063</u>	<u>31,228</u>	<u>1,165</u>
Expenditures:				
Debt Service				
Principal Retirement	2,600,000	2,600,000	2,600,000	-
Interest	1,939,059	1,939,059	1,860,830	78,229
Total Expenditures	<u>4,539,059</u>	<u>4,539,059</u>	<u>4,460,830</u>	<u>78,229</u>
Excess of Revenues over (under) Expenditures	(4,508,996)	(4,508,996)	(4,429,602)	79,394
Other Financing Sources:				
Operating Transfers In	4,508,998	4,508,998	4,418,822	(90,176)
Total Other Financing Sources	<u>4,508,998</u>	<u>4,508,998</u>	<u>4,418,822</u>	<u>(90,176)</u>
Net Change in Fund Balance	2	2	(10,780)	(10,782)
Fund Balance - Beginning of Year (Budgetary Basis)	<u>905,913</u>	<u>905,913</u>	<u>917,578</u>	<u>11,665</u>
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 905,915</u>	<u>\$ 905,915</u>	<u>\$ 906,798</u>	<u>\$ 883</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
MAJOR CAPITAL PROJECT FUNDS WITH LEGALLY ADOPTED BUDGET  
YEAR ENDED DECEMBER 31, 2018

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 6,000	\$ 6,000	\$ 77,172	\$ 71,172
Grants and Gifts	170,000	170,000	2,108,121	1,938,121
Refunds and Miscellaneous	20,000	20,000	12,528	(7,472)
Total Revenues	<u>196,000</u>	<u>196,000</u>	<u>2,197,821</u>	<u>2,001,821</u>
Expenditures:				
Current:				
General Government	571,786	573,831	453,520	120,311
Protection to Person and Property	391,900	391,900	378,929	12,971
Public Works	116,500	116,500	42,923	73,577
Highways	1,487,026	1,632,394	252,442	1,379,952
Parks and Recreation	466,312	493,639	230,352	263,287
Library	-	-	25,099	(25,099)
Capital Outlay	-	-	2,625,289	(2,625,289)
Total Expenditures	<u>3,033,524</u>	<u>3,208,264</u>	<u>4,008,554</u>	<u>(800,290)</u>
Excess of Revenues over (under) Expenditures	(2,837,524)	(3,012,264)	(1,810,733)	1,201,531
Other Financing sources/(uses):				
Capital Lease Acquisition	-	-	193,810	193,810
Transfers In	3,030,637	3,030,637	1,250,000	(1,780,637)
Total Other Financing sources/(uses)	<u>3,030,637</u>	<u>3,030,637</u>	<u>1,443,810</u>	<u>(1,586,827)</u>
Net Change in Fund Balance	193,113	18,373	(366,923)	(385,296)
Fund Balance - Beginning of Year (Budgetary Basis)	<u>(4,779,878)</u>	<u>(4,779,878)</u>	<u>5,025,423</u>	<u>9,805,301</u>
Fund Balance - End of Year (Budgetary Basis)	<u>\$ (4,586,765)</u>	<u>\$ (4,761,505)</u>	<u>\$ 4,658,500</u>	<u>\$ 9,420,005</u>

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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 4,325	\$ 4,325	\$ 3,734	\$ (591)
Department Earnings	45,900.00	45,900.00	8,413	(37,487)
Total Revenues	<u>50,225</u>	<u>50,225</u>	<u>12,147</u>	<u>(38,078)</u>
Other Financing Uses:				
Operating Transfers Out	(45,539)	(45,539)	(46,787)	(1,248)
Total Other Financing Uses	<u>(45,539)</u>	<u>(45,539)</u>	<u>(46,787)</u>	<u>(1,248)</u>
Net Change in Fund Balance	4,686	4,686	(34,640)	(39,326)
Fund Balance - Beginning of Year (Budgetary Basis)	<u>197,026</u>	<u>197,026</u>	<u>164,881</u>	<u>(32,145)</u>
Fund Balance - End of Year (Budgetary Basis)	<u>\$ 201,712</u>	<u>\$ 201,712</u>	<u>\$ 130,241</u>	<u>\$ (71,471)</u>



TOWNSHIP OF RADNOR, PENNSYLVANIA  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018

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, 2018

	State Liquid Fuels Tax Fund	Commemorative Shade Tree Fund	Trail Grant Fund	Recreation Fee Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 941,500	\$ 148,269	\$ 35,209	\$ 155,799	\$ 1,280,777
Total Assets	<u>\$ 941,500</u>	<u>\$ 148,269</u>	<u>\$ 35,209</u>	<u>\$ 155,799</u>	<u>\$ 1,280,777</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Due to Other Funds	-	-	22,400	-	22,400
Total Liabilities	<u>-</u>	<u>-</u>	<u>22,400</u>	<u>-</u>	<u>22,400</u>
<b>Fund Balances</b>					
<b>Restricted:</b>					
State Liquid Fuels Tax	941,500	-	-	-	941,500
<b>Committed</b>					
Recreation Fee	-	-	12,809	155,799	168,608
<b>Assigned</b>					
Subsequent Year Budget	-	-	-	-	-
Other	-	148,269	-	-	148,269
<b>Unassigned</b>					
Other	-	-	-	-	-
Total Fund Balances	<u>941,500</u>	<u>148,269</u>	<u>12,809</u>	<u>155,799</u>	<u>1,258,377</u>
Total Liabilities and Fund Balances	<u>\$ 941,500</u>	<u>\$ 148,269</u>	<u>\$ 35,209</u>	<u>\$ 155,799</u>	<u>\$ 1,280,777</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2018

	State Liquid Fuels Tax Fund	Commemorative Shade Tree Fund	Trail Grant Fund	Recreation Fee Fund	Total Nonmajor Governmental Funds
Revenues					
Fines, Forfeits and Costs	\$ -	\$ 11,500	\$ -	\$ 151,068	\$ 162,568
Interest and Rents	10,489	1,690	359	3,839	16,377
Grants and Gifts	891,999	16,260	-	-	908,259
Total revenues	<u>902,488</u>	<u>29,450</u>	<u>359</u>	<u>154,907</u>	<u>1,087,204</u>
Expenditures					
Highways	129,267	-	-	-	129,267
Parks and Recreation	-	27,759	-	-	27,759
Capital Outlay	419,900	-	-	-	419,900
Total Expenditures	<u>549,167</u>	<u>27,759</u>	<u>-</u>	<u>-</u>	<u>576,926</u>
Excess of Revenues Over (Under) Expenditures	353,321	1,691	359	154,907	510,278
Other Financing Sources (Uses)					
Operating Transfers Out	-	-	-	(325,000)	(325,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325,000)</u>	<u>(325,000)</u>
Net Changes in Fund Balances	353,321	1,691	359	(170,093)	185,278
Fund Balance - Beginning of Year	<u>588,179</u>	<u>146,578</u>	<u>12,450</u>	<u>325,892</u>	<u>1,073,099</u>
Fund Balance - End of Year	<u>\$ 941,500</u>	<u>\$ 148,269</u>	<u>\$ 12,809</u>	<u>\$ 155,799</u>	<u>\$ 1,258,377</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, 2018

	State Liquid Fuels Tax		
	Budget	Actual	Variance
Revenues			
Interest and Rents	\$ 1,000	\$ 10,489	\$ 9,489
Grants and Gifts	873,082	891,999	18,917
Total Revenues	<u>874,082</u>	<u>902,488</u>	<u>28,406</u>
Expenditures:			
Highways	1,827,460	129,267	1,698,193
Capital Outlay	-	419,900	(419,900)
Total Expenditures	<u>1,827,460</u>	<u>549,167</u>	<u>1,278,293</u>
Net Change in Fund Balance	(953,378)	353,321	1,306,699
Fund Balance - Beginning of Year	322,432	588,179	(265,747)
Fund Balance - End of Year	<u>\$ (630,946)</u>	<u>\$ 941,500</u>	<u>\$ 1,040,952</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2018

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  
 DECEMBER 31, 2018

	Pension Trust Funds				
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds	OPEB Reserve Trust Fund	Total Trust Fund
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,649,962	\$ 1,660,487	\$ 3,310,449	\$ 645,569	\$ 3,956,018
Investments	29,226,937	26,735,905	55,962,842	5,005,269	60,968,111
Life Insurance Cash Value	-	-	-	1,398,516	1,398,516
Receivables	57,408	156	57,564	-	57,564
Total Assets	<u>30,934,307</u>	<u>28,396,548</u>	<u>59,330,855</u>	<u>7,049,354</u>	<u>66,380,209</u>
<b>Liabilities</b>					
Accounts Payable	87,153	27,654	114,807	18,000	132,807
Total Liabilities	<u>87,153</u>	<u>27,654</u>	<u>114,807</u>	<u>18,000</u>	<u>132,807</u>
<b>Net Position</b>					
Net Position for Pensions	30,847,154	28,368,894	59,216,048	-	59,216,048
Held in Trust for OPEB Benefits	-	-	-	7,031,354	7,031,354
Total Fund Balances	<u>\$ 30,847,154</u>	<u>\$ 28,368,894</u>	<u>\$ 59,216,048</u>	<u>\$ 7,031,354</u>	<u>\$ 66,247,402</u>

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

	Pension Trust Funds			OPEB Reserve Trust Fund	Total Trust Fund
	Police Pension Trust Fund	Civilian Pension Trust Fund	Total Pension Trust Funds		
Additions:					
Contributions:					
Commonwealth of Pennsylvania	\$ 402,857	\$ 323,223	\$ 726,080	\$ -	\$ 726,080
Employer	2,037,185	1,256,819	3,294,004	1,451,171	4,745,175
Members	192,062	276,577	468,639	-	468,639
Total contributions	<u>2,632,104</u>	<u>1,856,619</u>	<u>4,488,723</u>	<u>1,451,171</u>	<u>5,939,894</u>
Investment Earning (Losses):					
Investment Gain (Loss)	(2,340,015)	(2,079,906)	(4,419,921)	(400,864)	(4,820,785)
Interest Earnings	805,506	723,234	1,528,740	122,458	1,651,198
Investment Expense	(73,235)	(64,889)	(138,124)	(2,000)	(140,124)
Net Investment Earnings (Losses)	<u>(1,607,744)</u>	<u>(1,421,561)</u>	<u>(3,029,305)</u>	<u>(280,406)</u>	<u>(3,309,711)</u>
Total Additions	1,024,360	435,058	1,459,418	1,170,765	2,630,183
Deductions:					
Benefit Payments	2,450,076	1,701,805	4,151,881	1,554,459	5,706,340
Refund of Contributions	63,978	3,954	67,932	7,349	75,281
Administrative Expenses	(25,810)	57,941	32,131	88,049	120,180
Total Deductions	<u>2,488,244</u>	<u>1,763,700</u>	<u>4,251,944</u>	<u>1,649,857</u>	<u>5,901,801</u>
Changes in Plan Net Position	(1,463,884)	(1,328,642)	(2,792,526)	(479,092)	(3,271,618)
Net Position Held in Trust for Pension Benefits:					
Beginning 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>
End of Year	<u>\$ 30,847,154</u>	<u>\$ 28,368,894</u>	<u>\$ 59,216,048</u>	<u>\$ 7,031,354</u>	<u>\$ 66,247,402</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
 YEAR ENDED DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Escrow Fund				
Assets				
Cash and Cash Equivalents	\$ 2,367,830	\$ 1,870,755	\$ 709,166	\$ 3,529,419
Liabilities				
Deposits Payable	2,367,830	1,870,755	709,166	3,529,419
	<u>\$ 2,367,830</u>	<u>\$ 1,870,755</u>	<u>\$ 709,166</u>	<u>\$ 3,529,419</u>



TOWNSHIP OF RADNOR, PENNSYLVANIA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 DECEMBER 31, 2018

Governmental Funds Capital Assets	
Land	\$ 24,149,624
Land Improvements	5,491,721
Buildings	28,998,973
Infrastructure	25,705,317
Machinery and Equipment	19,601,791
Construction in Progress	870,930
Total Governmental Funds Capital Assets	104,818,356
Less: Accumulated Depreciation	(38,253,020)
Net Governmental Funds Capital Assets	\$ 66,565,336

Investment in Governmental Funds Capital Assets by Source	
General Fund	\$ 3,265,870
Special Revenue Funds	31,561,343
Capital Projects Funds	63,848,809
Sewer Fund	2,874,384
Storm Water Fund	977,183
Donations	2,290,767
Total Governmental Funds Capital Assets	104,818,356
Less: Accumulated Depreciation	(38,253,020)
Net Governmental Funds Capital Assets	\$ 66,565,336

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

	-	45,949.00	1,935,172.00	1,787,330.00	1,125,940.00	
	Land	Land Improvements	Buildings	Infrastructure	Machinery and Equipment	Total
Function and Activity						
General Government	\$ -	\$ -	\$ 16,581,500	\$ 256,358	\$ 2,651,746	\$ 19,489,604
Protection to Persons and Property	-	-	-	-	5,083,301	5,083,301
Health and Sanitation	-	-	-	3,003,159	2,410,147	5,413,306
Highways	-	26,863	4,746,352	21,813,974	7,145,274	33,732,463
Library	-	-	6,561,085	-	-	6,561,085
Parks and Recreation	24,149,624	5,464,858	1,110,036	631,826	2,311,323	33,667,667
Total Governmental Funds Capital Assets	24,149,624	5,491,721	28,998,973	25,705,317	19,601,791	103,947,426
Less: Accumulated Depreciation	-	(2,374,847)	(8,820,832)	(11,621,552)	(15,435,789)	(38,253,020)
Total	<u>\$ 24,149,624</u>	<u>\$ 3,116,874</u>	<u>\$ 20,178,141</u>	<u>\$ 14,083,765</u>	<u>\$ 4,166,002</u>	65,694,406
Construction in Progress						870,930
Net Governmental Funds Capital Assets						<u>\$ 66,565,336</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, 2018

	Balance at January 1, 2018	Increases	Decreases	Balance at December 31, 2018
Function and Activity				
General Government	\$ 18,749,422	\$ 740,182	\$ -	\$ 19,489,604
Protection to Persons and Property	4,949,382	133,919	-	5,083,301
Health and Sanitation	4,833,178	580,128	-	5,413,306
Highways	32,525,261	1,207,202	-	33,732,463
Library	5,172,284	1,388,801	-	6,561,085
Parks and Recreation	32,823,508	844,159	-	33,667,667
Total Governmental Funds Capital Assets	99,053,035	4,894,391	-	103,947,426
Construction in Progress	316,739	554,191	-	870,930
Less: Accumulated Depreciation	(34,854,376)	(3,398,644)	-	(38,253,020)
Net Governmental Funds Capital Assets	<u>\$ 64,515,398</u>	<u>\$ 2,049,938</u>	<u>\$ -</u>	<u>\$ 66,565,336</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Government activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 12,621,702
Restricted	-	-	5,636,058	6,723,380	5,399,445	6,007,738	6,852,941	662,321	847,611	941,500
Unrestricted (deficiency)	<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>	<u>(47,917,311)</u>
<b>Total Net Position, governmental activities</b>	<b>\$ (8,291,667)</b>	<b>\$ (10,617,793)</b>	<b>\$ (8,769,071)</b>	<b>\$ (6,461,064)</b>	<b>\$ 2,898,939</b>	<b>\$ 4,158,225</b>	<b>\$ (14,979,663)</b>	<b>\$ (15,695,824)</b>	<b>\$ (14,682,578)</b>	<b>\$ (34,354,109)</b>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 30,000	\$ 22,500	\$ 92,609	\$ 98,764	\$ 88,873	\$ 86,482	\$ 84,091	\$ 81,700	\$ 79,309	\$ 168,056
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficiency)	<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>	<u>624,938</u>
<b>Total Net Position, business-type activities</b>	<b>\$ 59,640</b>	<b>\$ 33,722</b>	<b>\$ 158,056</b>	<b>\$ 167,727</b>	<b>\$ 85,937</b>	<b>\$ 71,286</b>	<b>\$ 99,722</b>	<b>\$ 81,380</b>	<b>\$ 94,602</b>	<b>\$ 792,994</b>
<b>Primary government</b>										
Net Investment in Capital Assets	\$ 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	\$ 12,789,758
Restricted	-	-	5,636,058	6,723,380	5,399,445	6,007,738	6,852,941	662,321	847,611	941,500
Unrestricted (deficiency)	<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>	<u>(47,292,373)</u>
<b>Total Net Position, primary government</b>	<b>\$ (8,232,027)</b>	<b>\$ (10,584,071)</b>	<b>\$ (8,611,015)</b>	<b>\$ (6,293,337)</b>	<b>\$ 2,984,876</b>	<b>\$ 4,229,511</b>	<b>\$ (14,879,941)</b>	<b>\$ (15,614,444)</b>	<b>\$ (14,587,976)</b>	<b>\$ (33,561,115)</b>

**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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Government activities										
General government	\$ 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	\$ 5,426,877
Protection to persons and property	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	16,669,973
Health and sanitation	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	9,649,156
Highways	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	4,756,765
Library	847,382	815,650	733,821	818,443	849,850	899,290	901,839	896,770	1,436,935	928,360
Parks and recreation	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	3,780,447
Interest on long-term debt	2,415,864	2,341,738	2,046,102	1,968,757	1,812,689	1,910,392	1,934,553	1,978,241	1,978,936	1,917,169
Total governmental activities net assets	\$ 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	\$ 43,128,747
Business-type activities										
The Willows	91,835	248,307	94,912	82,902	64,090	14,663	36,575	33,375	56,900	118,705
Total business-type activities net assets	\$ 91,835	\$ 248,307	\$ 94,912	\$ 82,902	\$ 64,090	\$ 14,663	\$ 36,575	\$ 33,375	\$ 56,900	\$ 118,705
Total primary government expenses	\$ 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	\$ 43,247,452
<b>Program revenues</b>										
Government activities										
Charges for services:										
General government	\$ 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	\$ 2,340,584
Protection to persons and property	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	3,540,161
Health and sanitation	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	6,469,297
Highways	79,468	59,196	87,765	95,777	92,817	128,600	258,197	56,808	32,184	8,413
Library	-	-	-	-	-	-	-	-	500,000	-
Parks and recreation	722,357	699,190	702,057	684,126	647,417	730,164	1,080,811	924,738	665,978	756,998
Operating grants and contributions	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	1,436,498
Capital grants and contributions	89,563	263,001	169,571	210,897	257,099	987,703	969,036	915,986	1,195,276	2,792,768
Total governmental activities program revenues	\$ 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	\$ 17,344,719
Business-type activities										
The Willows	103,002	107,036	100,823	74,230	24,069	-	-	-	-	-
Capital grants and contributions	-	122,022	111,577	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230	\$ 24,069	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 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	\$ 17,344,719

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Government activities	\$ (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)	\$ (25,784,028)
Business-type activities	11,167	(19,249)	117,488	(8,672)	(40,021)	(14,663)	(36,575)	(33,375)	(56,900)	(118,705)
Total primary government net expense	<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>	<u>\$ (25,902,733)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Real estate taxes	\$ 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	\$ 12,527,235
Taxes levied under Local Tax Enabling Act	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	14,656,877
Investment earnings	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	-	-	-	-
Interest and Rents	-	-	-	-	-	-	-	-	-	705,029
Transfers	(43,024)	(40,071)	(6,654)	(18,277)	41,811	-	(65,000)	(15,000)	(70,000)	(815,931)
Total governmental activities	<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>	<u>\$ 27,073,210</u>
Business-type activities										
Investment earnings	\$ 76	\$ 236	\$ 192	\$ 66	\$ 42	\$ 12	\$ 11	\$ 33	\$ 122	\$ -
Interest and Rents	-	-	-	-	-	-	-	-	-	1,166
Transfers	43,024	40,071	6,654	18,277	(41,811)	-	65,000	15,000	70,000	815,931
Total business-type activities	<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>	<u>\$ 817,097</u>
Total primary government	<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>	<u>\$ 27,890,307</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ (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	\$ 1,289,182
Business-type activities	54,267	21,058	124,334	9,671	(81,790)	(14,651)	28,436	(18,342)	13,222	698,392
Total primary government	<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>	<u>\$ 1,987,574</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)

<b>Function / Program</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
General government	\$ 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	\$ 3,342,552
Protection to persons and property	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	3,838,662
Health and sanitation	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	6,469,297
Highways	1,033,962	1,066,586	1,027,950	1,069,032	1,121,634	975,051	1,182,481	973,620	968,498	1,036,441
Library	-	-	-	-	-	-	-	-	833,333	1,416,667
Parks and recreation	874,235	912,595	1,187,461	770,393	737,705	1,708,782	1,242,357	1,027,825	675,021	1,241,100
Subtotal governmental activities	\$ 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	\$ 17,344,719
<b>Business-type activities</b>										
The Willows	103,002	229,058	212,400	74,230	24,069	-	-	-	-	-
Subtotal business-type activities	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230	\$ 24,069	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total primary government</b>	\$ 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	\$ 17,344,719



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

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$ 3,913	\$ 166,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,364,206	5,248,097	-	-	-	-	-	-	-	-
Non-Spendable	-	-	21,957	30,195	84,961	81,570	93,190	49,386	93,369	85,169
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	1,601,807
Unassigned	-	-	3,486,688	3,652,753	7,600,641	8,866,166	10,317,626	8,928,807	9,352,993	8,021,275
<b>Subtotal governmental activities</b>	<b>\$ 3,368,119</b>	<b>\$ 5,414,283</b>	<b>\$ 6,988,851</b>	<b>\$ 8,096,582</b>	<b>\$ 15,407,783</b>	<b>\$ 11,581,210</b>	<b>\$ 11,853,873</b>	<b>\$ 10,616,871</b>	<b>\$ 10,418,502</b>	<b>\$ 9,708,251</b>
<b>All Other Governmental Funds</b>										
Reserved	1,967,548	1,495,210	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenues funds	2,968,678	2,985,713	-	-	-	-	-	-	-	-
Capital projects funds	2,164,361	2,749,497	-	-	-	-	-	-	-	-
Debt service funds	318,098	155,079	-	-	-	-	-	-	-	-
Non-Spendable	-	-	1,332,548	1,199,900	1,120,391	3,818	4,436	2,121	4,498	4,039
Restricted	-	-	4,281,553	5,493,285	5,399,445	7,208,648	7,866,251	12,110,138	4,153,019	5,255,847
Committed	-	-	-	-	980,528	1,390,911	2,420,635	2,762,335	3,795,612	1,751,885
Assigned	-	-	1,010,277	1,058,497	908,632	429,468	1,016,196	907,940	4,401,501	5,063,934
Unassigned	-	-	61,485	-	189,541	-	-	-	(1,285,593)	(476,376)
<b>Total all other governmental funds</b>	<b>\$ 7,418,685</b>	<b>\$ 7,385,499</b>	<b>\$ 6,685,863</b>	<b>\$ 7,751,682</b>	<b>\$ 8,598,537</b>	<b>\$ 9,032,845</b>	<b>\$ 11,307,518</b>	<b>\$ 15,782,534</b>	<b>\$ 11,069,037</b>	<b>\$ 11,599,329</b>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 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	\$ 27,214,067
Licenses, fees and permits	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	4,361,921
Fines and penalties	527,847	551,277	642,010	617,297	619,889	805,893	846,167	584,172	469,009	580,536
Charges for services	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	7,646,517
Intergovernmental	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	4,452,878
Interest and rents	311,439	216,666	222,633	225,382	255,334	301,202	393,649	479,133	510,742	705,029
Other revenues	139,655	836,758	407,866	577,425	574,657	498,594	643,737	716,372	280,989	309,112
<b>Total revenues</b>	<b>28,913,949</b>	<b>32,707,177</b>	<b>35,096,407</b>	<b>36,431,864</b>	<b>48,115,733</b>	<b>42,332,173</b>	<b>43,372,411</b>	<b>42,586,576</b>	<b>43,655,617</b>	<b>45,270,060</b>
<b>Expenditures</b>										
General government	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	3,604,548
Protection to persons and property	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	12,413,958
Health and sanitation	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	8,525,672
Highways	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	3,146,822
Library	815,650	815,650	753,297	818,443	849,850	899,290	901,839	896,770	1,436,935	928,360
Parks and recreation	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	2,943,634
Miscellaneous:										
Employee benefits	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	2,717,860
OPEB Trust Contributions	-	-	-	-	-	3,680,330	772,097	1,033,759	859,209	1,059,209
Insurance	761,026	659,096	387,594	346,368	363,948	406,843	463,715	390,072	354,011	357,652
Other	269,280	304,344	247,269	250,041	425,783	197,450	294,101	268,616	272,315	220,771
Capital outlay	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	5,448,582
Debt service										
Interest	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	1,860,830
Principal	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	2,600,000
Bond Issue Costs	-	-	-	149,726	197,034	141,427	201,599	100,332	-	-
Payment to Redeem Bonds	-	-	-	15,890,000	-	-	-	-	-	-
<b>Total expenditures</b>	<b>32,817,807</b>	<b>31,120,007</b>	<b>34,214,821</b>	<b>50,288,083</b>	<b>40,202,927</b>	<b>56,441,327</b>	<b>51,828,246</b>	<b>45,803,753</b>	<b>49,009,121</b>	<b>45,827,898</b>
<b>Other Financing Sources</b>										
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	193,810
Notes issued	-	-	-	-	-	-	-	-	-	1,000,000
Swaption proceeds	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	18,883,901	-	-	-	-	-
Payments to escrow agent	-	-	-	-	(18,680,462)	-	-	-	-	-
Transfers in	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	7,461,841
Transfers out	(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)	(8,277,772)
<b>Total other financing sources (uses)</b>	<b>83,686</b>	<b>425,808</b>	<b>(6,654)</b>	<b>16,029,769</b>	<b>245,250</b>	<b>10,716,889</b>	<b>11,003,171</b>	<b>6,455,191</b>	<b>441,638</b>	<b>377,879</b>
<b>Net change in fund balance</b>	<b>\$ (3,820,172)</b>	<b>\$ 2,012,978</b>	<b>\$ 874,932</b>	<b>\$ 2,173,550</b>	<b>\$ 8,158,056</b>	<b>\$ (3,392,265)</b>	<b>\$ 2,547,336</b>	<b>\$ 3,238,014</b>	<b>\$ (4,911,866)</b>	<b>\$ (179,959)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.8%</b>	<b>16.3%</b>	<b>13.7%</b>	<b>8.9%</b>	<b>11.2%</b>	<b>9.9%</b>	<b>25.5%</b>	<b>11.4%</b>	<b>11.9%</b>	<b>11.0%</b>

**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	
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
2018	12,557,190	10,129,423	3,492,685	1,034,769	27,214,067
Changes					
2009 - 2018	34.6%	68.3%	86.8%	-0.1%	49.1%

(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
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%
2018	467,529,185	2,520,068,437	668,800,001	57,025,856	3,245,894,294	4.1582	3,245,894,294	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
2018	2.695	1.463	4.1582	24.1867	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><i>Taxpayer</i></u>	2018			2009		
	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%		
Radnor Center Associates	Commercial Real Estate	68,954,300	2	2.1%		
Trustees of University of PA	Healthcare	40,037,600	3	1.2%		
Robuca Associates/Radnor Hotel	Commercial Real Estate	31,609,020	4	1.0%		
Radwyn Apartments	Apartment Complex	22,149,000	5	0.7%		
KMO 361 Realty Associates	Commercial Real Estate	17,850,410	6	0.5%		
Home Properties	Apartments	17,564,070	7	0.5%		
Enrico Partners	Commercial Real Estate	16,380,590	8	0.5%		
Villanova University	Higher Education	15,018,240	9	0.5%		
Sposato, Richard	Apartments	14,245,000	10	0.4%		
Total		<u>\$ 346,404,395</u>		<u>10.7%</u>		Comprehensive Annual Financial Report not prepared as of December 31, 2009. Accurate data for this schedule not available to be presented

Notes:

- (1) Total taxable assessed value, all real property in Radnor Township, December 31, 2018 was \$3,245,894,294.
- (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><b>Year Ended December 31</b></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
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%	119,834	11,756,261	98.68%
2015	11,894,911	11,735,097	98.66%	106,344	11,841,441	99.55%
2016	12,525,627	12,265,983	97.93%	89,635	12,355,618	98.64%
2017	12,654,589	12,510,474	98.86%	57,049	12,567,523	99.31%
2018	13,483,479	13,414,584	99.49%	-	13,414,584	99.49%

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business Privilege (2)</b>										
- Number of Filers	1,180	1,309	1,463	1,452	1,340	1,390	1,531	1,789	1,802	1,808
- Tax Collections	\$ 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	\$ 8,002,332
- Taxable Services	\$ 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	\$ 2,667,444,000
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
<b>Mercantile (2)</b>										
- Number of Filers	256	278	305	304	238	233	254	244	224	236
- Tax Collections	\$ 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	\$ 1,592,670
- Taxable Services	\$ 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	\$ 530,890,000
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
<b>Total Tax Collections</b>	\$ 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	\$ 9,595,002



**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>	<b>2018</b>		<b>2009</b>	
	Rank	Percentage of Total	Rank	Percentage of Total
Laboratory Supply & Distribution	1	5.2%		
Investment	2	4.7%		
Investment	3	3.9%		
Legal Services	4	3.2%		
Information Technology	5	3.1%		
Investment	6	2.8%		
Venture Capital	7	2.1%		
General Contractor	8	2.1%		
Auto Dealership	9	2.0%		
Real Estate Investment Trust	10	<u>2.0%</u>		
				Comprehensive Annual Financial Report not prepared as of December 31, 2009. Accurate data for this schedule not available to be presented
<b>Percentage of Total Gross Collections</b>		<u><b>31.1%</b></u>		

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
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%	3.35%	31,884	1,860
2018	12,525,000	42,700,000	861,776	1,264,407	57,351,183	3,245,894,294	1.77%	3.28%	31,884	1,799

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 - 2018 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, 2018**

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Radnor Township School District	\$ 88,760,000	100.00%	\$ 88,760,000
Delaware County	\$ 301,024	11.691%	<u>35,193</u>
Sub-Total, Overlapping Debt			88,795,193
Township of Radnor Direct Debt		100.00%	<u>57,351,183</u>
Total Direct and Overlapping Debt			<u>\$ 146,146,376</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, 2018 is based on the ratio of Radnor Township's assessed valuation to Delaware County's 2018 assessed valuation.

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

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Three Year Average Revenues(2),(3)	\$ 29,381	\$ 29,411	\$ 29,461	\$ 31,767	\$ 36,961	\$ 39,478	\$ 41,371	\$ 39,506	\$ 40,182	\$ 40,003
Debt limit (1)	\$ 73,453	\$ 73,528	\$ 73,653	\$ 79,418	\$ 92,403	\$ 98,695	\$ 103,428	\$ 98,765	\$ 100,455	\$ 100,008
Total net debt applicable to limit	\$ 47,225	\$ 44,965	\$ 43,055	\$ 41,575	\$ 43,570	\$ 41,605	\$ 41,920	\$ 45,660	\$ 43,675	\$ 42,700
Legal debt margin	\$ 26,228	\$ 28,563	\$ 30,598	\$ 37,843	\$ 48,833	\$ 57,090	\$ 61,508	\$ 53,105	\$ 56,780	\$ 57,308
Total net debt applicable to the limit as a percentage of debt limit	64.29%	61.15%	58.46%	52.35%	47.15%	42.16%	40.53%	46.23%	43.48%	42.70%

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**

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<u>Year</u>	Population (1)	Personal Income (2)	Per Capita Personal Income (1)	Unemployment Rate (3)
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%
2018	31,710	1,750,423,710	55,201	3.7%

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

**TOWNSHIP OF RADNOR, PENNSYLVANIA  
SCHEDULE 17 - PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

<u>Taxpayer</u>		2018			2009		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Villanova University	Higher Education	2,772	1	12.1%	Comprehensive Annual Financial Report not prepared as of December 31, 2009. Accurate data for this schedule not available to be presented		
Cabrini University	Higher Education	896	2	3.9%			
Lincoln National Life Insurance Company	Insurance/Financial Investments	847	3	3.7%			
Radnor Township School District	Education	837	3	3.7%			
Eastern University	Higher Education	648	4	2.8%			
Jefferson Home Care	Medical Services	497	5	2.2%			
EMoney Advisor Holdings LLC	Financial Services	447	6	2.0%			
VWR Management Services	Research Supply & Distribution	424	7	1.9%			
Trustees of the University of Pennsylvania	Healthcare Services	386	8	1.7%			
Main Line Services, Inc.	Healthcare Services	301	9	1.3%			
Total		8,055		35.2%			

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration	3	4	2	2	2	2	2	2	2	2
Finance	2	3	4	6	6	6	6	6	6	6
Community Development	5	6	5	6	6	6	6	6	8	6
Engineering	3	3	2	2	2	2	2	1	3	3
Information Technology	3	3	3	2	2	2	2	2	2	2
Police										
Officers	43	40	41	36	38	41	40	43	43	45
Civilian	6	6	5	5	5	4	4	4	3	3
Refuse Collection	26	25	22	20	17	19	21	20	20	22
Other Public Works										
Highways/Mechanics	19	18	18	19	18	17	17	16	15	16
Sewer	4	4	4	4	4	4	4	4	4	4
Park maintenance	17	17	14	13	13	13	13	11	13	13
Other	2	1	1	1	1	1	1	1	-	-
Parks and recreation	<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>	<u>3</u>
Total	<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>	<u>125</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 123 as Community Development and Parks Maintenance Highways FTE's will each decrease by 1 each as a result of retiring employees on terminal leave and counted as full-time for 2018.

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

<u>Function/Program</u>	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Business Tax Audits	72	74	85	41	35	32	44	28	6	28
Collections from audits (rounded in thousands)	\$ 1,349	\$ 971	\$ 310	\$ 826	\$ 8,984	\$ 421	\$ 959	\$ 1,010	\$ -	\$ 534
Business Tax Licenses Issued	1,289	1,237	1,282	1,282	1,655	1,768	1,785	1,785	2,003	2,035
<b>Protection to persons and property</b>										
Building permits issued	675	785	831	910	916	971	828	951	933	899
New construction	19	7	8	22	23	39	18	22	19	26
Accessories and additions	117	104	104	55	49	133	89	119	112	63
Subdivision plans	4	1	2	-	2	19	11	16	-	-
Lots approved	2	-	4	-	1	72	-	20	-	-
Zoning appeals	35	35	54	28	22	26	34	17	28	23
Design review	67	53	90	67	87	70	70	59	54	47
Vehicle violations	28,277	23,371	28,445	30,322	31,576	32,414	20,682	19,295	19,998	18,052
Vehicle accidents	1,136	1,209	1,207	1,214	1,235	1,190	1,103	964	1,027	1,042
Nuisance and non-criminal	11,306	10,972	10,579	12,590	15,537	15,298	7,758	16,958	15,366	15,541
Serious crimes	384	433	423	428	396	331	321	333	530	921
Secondary offenses	827	784	733	828	672	613	849	632	487	401
Alarm signals	1,551	1,674	1,568	1,664	1,730	1,729	985	1,610	1,474	1,306
Animal complaints	705	784	616	646	518	259	291	174	177	365
<b>Health and sanitation</b>										
Refuse collected (tons)	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	7,474.3
Curbside recycling (tons)	6,306	5,738	2,898	6,646	6,629	6,563	6,604	6,439	6,544	6,261
<b>Other Public Works</b>										
Streets resurfaced (sq yds)	42,430	37,224	50,610	-	41,636	41,563	101,089	118,526	26,075	38,344
<b>Parks and recreation</b>										
Number of programs	225	220	187	145	125	125	195	200	190	190
Events held at Willows Mansion	118	120	122	117	22	5	-	-	-	-
<b>Wastewater</b>										
New sanitary sewer connections	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Protection to persons and property</b>										
Marked vehicles	13	13	13	13	13	14	13	13	13	12
Motorcycles	-	-	-	-	4	4	4	4	4	4
Unmarked vehicles	8	7	7	7	7	7	8	9	9	9
SWAT Vehicle	-	-	-	-	-	-	-	1	1	1
Townwatch Vehicle	-	-	-	-	1	1	1	1	1	1
<b>Health and sanitation</b>										
Recycling trucks	6	6	6	-	-	-	-	-	-	-
Refuse collection trucks	12	12	12	-	-	-	-	-	-	-
Recycling & Refuse Trucks	-	-	-	12	12	12	13	13	13	13
<b>Other Public Works</b>										
Streetlights	1,402	1,402	1,406	1,406	1,406	1,406	1,406	1,407	1,407	1,407
Traffic signals	44	44	44	44	44	44	45	45	46	46
<b>Parks and recreation</b>										
Acres of open space	441.84	441.84	441.84	441.84	441.84	512.84	512.84	512.84	512.84	512.84
Parks, playgrounds, athletic fields	23	23	23	23	23	23	26	26	26	26
<b>Wastewater</b>										
Sanitary sewers (linear feet)	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810	720,210
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.