

RADNOR TOWNSHIP

THE BEST PLACE TO LIVE, WORK AND DO BUSINESS ON THE MAIN LINE

Comprehensive Annual Financial Report



2012



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the year ended, December 31, 2012

**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
Director of Finance

Township of Radnor, Pennsylvania
Comprehensive Annual Financial Report
Year Ended December 31, 2012

Table of Contents

Introductory Section:

Transmittal Letter	i
Principal Officials.....	viii
Organization Chart	ix
Maps of Radnor Township	x
Certificate of Achievement for Excellence in Financial Reporting.....	xi

Financial Section:

Independent Auditors' Report	1
Management's Discussion and Analysis	3

Basic Financial Statements:

Government-Wide Financial Statements

Statement of Net Position	15
Statement of Activities.....	16

Fund Financial Statements:

Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Governmental Activities in the Statement of Activities.....	20
Statement of Fund Net Position – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds.....	23
Statement of Fiduciary Net Position – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	25
Notes to the Financial Statements	26

Required Supplementary Information (Unaudited):

Schedule of Funding Progress – Police and Civilian Pension Plans.....	58
Schedule of Employer Contributions – Police and Civilian Pension Plans	59
Notes to Required Supplementary Information – Police and Civilian Plans	60
Schedule of Funding Progress and Schedule of Employer Contributions – Other Postemployment Benefits Plan	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund.....	62

Township of Radnor, Pennsylvania
Comprehensive Annual Financial Report
Year Ended December 31, 2012

Table of Contents (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) Sewer Fund	63
Notes to Required Supplementary Information – Budgetary Comparison Schedules	64
Other Supplementary Information (Unaudited)	
General Fund.....	65
Schedule of Revenues and Other Financing Sources – Budget and Actual (Budgetary Basis) – General Fund.....	66
Schedule of Functional Expenditures by Activity – Budget and Actual (Budgetary Basis) – General Fund.....	68
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) Debt Service Fund.....	70
Major Capital Projects Funds with Legally Adopted Budget	71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – Capital Improvement Fund	72
Nonmajor Governmental Fund	73
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	75
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – Nonmajor Governmental Funds	76
Fiduciary Funds	77
Pension Trust Funds:	
Combining Statement of Fiduciary Net Position – Pension Trust Funds	78
Combining Statement of Changes in Plan Net Position – Pension Trust Funds.....	79
Agency Funds:	
Combining Statement of Assets and Liabilities – Agency Funds.....	80
Combining Statement of Changes in Assets and Liabilities – Agency Funds	81
Capital Assets Used in Operation of Governmental Funds:	
Comparative Schedules by Source	82
Schedule by Function and Activity.....	83
Schedule of Changes by Function and Activity.....	84
Statistical Section:	
1. Net Position by Component, Last Ten Years	85
2. Changes in Net Position, Last Ten Years.....	86
3. Program Revenues by Function/Program, Last Ten Years.....	88
4. Fund Balances, Governmental Funds, Last Ten Years.....	89
5. Changes in Fund Balances, Governmental Funds, Last Ten Years.....	90

Township of Radnor, Pennsylvania
Comprehensive Annual Financial Report
Year Ended December 31, 2012

Table of Contents (Continued)

6. Tax Revenue by Source, Governmental Funds, Last Ten Years	91
7. Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years	92
8. Direct and Overlapping Property Tax Rates, Last Ten Years	93
9. Principal Property Taxpayers, Current and Nine Years Ago.....	94
10. Property Tax Levies and Collections, Last Ten Years	95
11. Business Privilege and Mercantile Taxes, Revenue Base and Collections, Last Ten Years	96
12. Principal Business Privilege and Mercantile Tax Remitters, Current and Nine Years Ago	97
13. Ratio of Net General Bonded Debt Outstanding, Last Ten Years	98
14. Direct and Overlapping Governmental Activities Debt, as of December 31, 2012.....	99
15. Legal Debt Margin Information, Last Ten Years	100
16. Demographic and Economic Statistics, Last Ten Years.....	101
17. Principal Employers, Current and Nine Years Ago.....	102
18. Full Time Equivalent Township Government Employees by Function/Program, Last Ten Years	103
19. Operating Indicators by Function/Program, Last Ten Years	104
20. Capital Asset Statistics by Function/Program, Last Ten Years	105

**INTRODUCTORY
SECTION**

ELAINE P. SCHAEFER
President

JAMES C. HIGGINS
Vice-President

WILLIAM A. SPINGLER

DONALD E. CURLEY

JOHN FISHER

KEVIN HIGGINS

JOHN NAGLE



RADNOR TOWNSHIP
301 IVEN AVENUE
WAYNE, PENNSYLVANIA 19087-5297

Phone (610) 688-5600
Fax (610) 688-1279
www.radnor.com

ROBERT A. ZIENKOWSKI
Township Manager
Township Secretary

JOHN B. RICE, ESQ.
Solicitor

JOHN E. OSBORNE
Treasurer

June 10, 2013

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, 2012. The annual report, as required by the Township's Home Rule Charter, includes the "basic financial statements" made up of the Management's Discussion & Analysis, financial statements and accompanying footnotes to the financial statement. These financial statements have been examined by an independent accounting firm of certified public accountants and are presented in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

This report portrays management's representations regarding the Township's financial position. Consequently, 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 CliftonLarsonAllen LLP. CliftonLarsonAllen LLP is an independent accounting firm of certified public accountants operating in 25 states and Washington D.C., has over 3,600 employees and revenues in excess of \$550 million. In their report, the independent auditors rendered an unqualified 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. It is a place of ethnic, cultural, and economic diversity, with distinct neighborhoods of residents that love to call Radnor “home.” 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 and do business on the Main Line.*”

Radnor Township is located in the northwestern corner of Delaware County and is approximately 15 miles west of the City of Philadelphia. The Township encompasses 13.83 square miles, has a population of 31,531 and is located on Philadelphia’s prestigious “Main Line.” The Township consists of all or portions of the Bryn Mawr, Garrett Hill, Newtown Square, Rosemont, St. David’s, 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 day a child steps foot into a classroom for the first time 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. Katherine 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. 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 and Interstate 76. These major road arteries allow travelers to get to Philadelphia, New York, Baltimore, Washington D.C. or Harrisburg within minutes or hours. Radnor is also home to five Southeastern Pennsylvania Transportation Authority (SEPTA) Regional Rail Line stations and six Norristown High Speed Rail stations. From any of the SEPTA stations, travelers can easily and quickly get to downtown Philadelphia which then connects with the Philadelphia airport, the athletic facilities, and other greater Philadelphia region attractions as well as with Amtrak. Amtrak can then provide transportation to New York, Baltimore, Washington D.C. and other major metropolitan destinations.

Township Structure and Services Profile

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

As provided by the Home Rule Charter, legislative and executive authority is maintained at the Board of Commissioners level (the “Board”). The Board is Radnor’s governing body and consists of seven elected members, each representing one of the seven wards comprising the Township. The Board appoints a Township Manager who is responsible for the day to day administration of the Township. The Township Administration consists of five departments,

headed up 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 table below summarizes the broad range of municipal services offered by Radnor Township:

Police Department	Public Works Department
<ul style="list-style-type: none">• <u>Traffic Safety</u> – speed and commercial vehicle enforcement, traffic studies and related items• <u>Patrol</u> – traffic patrols, incident management, township patrolling, directed calls for service• <u>Investigations</u> – open / active investigations, evidence management, training and related items• <u>Administration</u> – Parking enforcement, crossing guards, animal control, vehicle maintenance, incident auditing, and related items	<ul style="list-style-type: none">• <u>Highway</u> – road maintenance, traffic signals / signage maintenance, curbs / sidewalk maintenance, leaf collection, street cleaning, snow and ice removal, storm water management, township building maintenance and management, and related items• <u>Park Maintenance</u> – athletic field grooming, weeding, mulching, mowing, trimming, and tree maintenance of over 262 acres of park land and athletic facilities• <u>Sanitary Sewer</u> – repair and maintenance of the Township’s underground sanitary sewer infrastructure and pumping stations• <u>Engineering</u> – grading permits, professional development reviews, township project design, and subdivision / Land Development, Shade Tree requirements, and inspections• <u>Mechanics</u> – repair and maintenance of the entire Township fleet, fueling management, and related items• <u>Solid Waste, Recycling and Yard pick up</u> for over 6,980 residential customers (including special pick-ups and emergency / disaster pick-ups)
Community Development	
<ul style="list-style-type: none">• Building and Zoning Code administration• Contractor licensing• Property Maintenance administration• Rental property licensing• Plan and project reviews• Health department administration• Other health and safety functions as needed	
Recreation & Community Programming	
<ul style="list-style-type: none">• Recreational Programming - over 180 programs run in 2011 highlighted by the Radnor Day Camp, Radnor Basketball program, Radnor Tot Lot program as well as Radnor night at a Philadelphia Phillies game and free summer concerts in the Township parks and many, many more• Sponsorship activity / Community Support activities• Sulpizio Gym Programming which includes open gym, party rentals and use for the Radnor Basketball program• Willows Mansion Programming	
	Finance
	<ul style="list-style-type: none">• Accounting / Reporting• Act 511 Tax Administration• Human Resources Administration• Real Estate Tax Administration• Sewer Rent Administration• Budgeting / Financial Planning• Contracts / Bidding• Grant Administration• Insurance Administration• Information Technology

Township Budget Process Profile

The Township budgets for its activities through an annual budgeting process. The Board considers and adopts an annual appropriation budget, five-year capital plan as well as a consolidated fee schedule. New in 2012 was the inclusion of a Five-Year Financial Forecast into the budgeting process. The Forecast consolidates future operational results with the five-year capital plan, which then allows the Board of Commissioners and Public to see the future impact of decisions made today. 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 the end of September. The preliminary budget is then reviewed by the Board and public through various meetings, is amended as necessary through the meeting process, and is ultimately adopted (as revised) in December. It is during this process that the Board determines the necessary real estate millage and sanitary sewer rent rates necessary to provide funding for the ensuing fiscal year. The legal level of budgetary control is at the object of expense level and all appropriations lapse at the end of the fiscal year except those that are obligated through encumbrance.

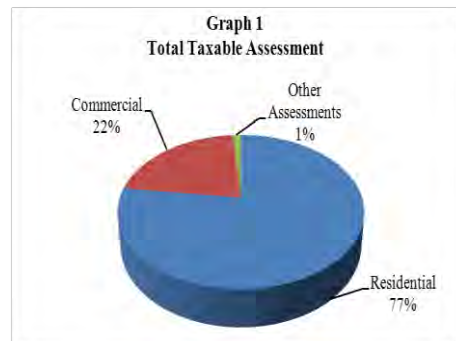
The Township has adopted several important fiscal policies over the years aimed at creating balanced budgets, determining the appropriate use of non-reoccurring revenues and establishing annual capital funding. These policies can be found in the Township’s Administrative Code Chapter 44. Further, in light of the growing long-term unfunded liabilities relating to Other Post-Employment Benefits (OPEB), Pension benefits, Compensated Leave obligations and mounting capital replacement costs, the Board of Commissioners adopted legislation that assigns excess General Fund balances toward addressing these items. The table below reflects the amount of funds that have been distributed or assigned based on the Board’s excess fund balance policy. Please note that the 2011 assigned excess General Fund balances for Capital and Pension were distributed to the respective special revenue or trust funds in 2012. Since no special fund existed at the time, the Compensated Absence and OPEB assigned fund balances from 2011 were carried forward and combined with the additional 2012 assigned balance. Please see the Management Discussion and Analysis page 3 and the General Fund Balance on page 14 for more details.

Category:	2011	2012	Two Year Total
Compensated Absences	\$ 1,551,858	\$ 966,867	\$ 2,518,725
Capital Needs	931,113	580,120	1,511,233
Pension Funding	310,372	193,373	503,745
OPEB	310,372	193,373	503,745
Total	\$ 3,103,715	\$ 1,933,733	\$ 5,037,448

RADNOR’S ECONOMY

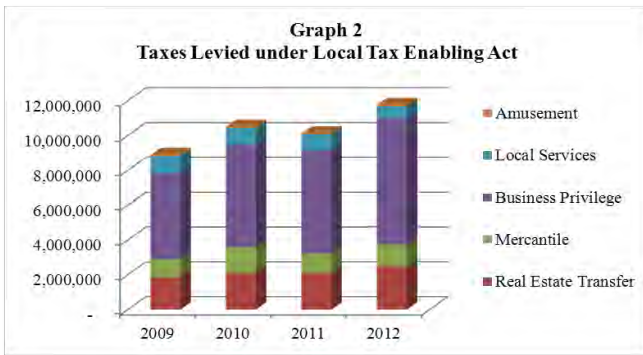
Radnor’s economy is made up of a broad spectrum of activities from the smallest family run retail store to national retail stores; from one-person professional service firms to international Fortune 500 companies. As a result, Radnor’s affluence allows the local economy to be resilient. This is evidenced in the community’s continued recovery from the Great Recessionary lows of 2009. In quantifying economic conditions, there are several key metrics to gauge the economic conditions including real estate category makeup, real estate assessment growth, median household income, employment statistics as well as the taxes levied under the Local Enabling Act.

Real Estate Make-Up and Growth: Radnor Township has approximately 8,800 properties distributed into five categories as shown in Graph 1. As noted most of the Township’s real estate market is made up of residential properties, at 87%. Therefore, an indicator of the local housing market is the Real Estate Transfer Tax included



in the taxes levied under the Local Enabling Act, described below. Overall, the Township’s total real estate assessed value has remained relatively strong and stable in spite of the national real estate declines. As shown in Schedule 7 in the Statistical Section, page 92, the annual assessment growth has averaged 0.33% 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 Township levies several taxes pursuant to Pennsylvania Act 511 provisions which include Real Estate Transfer, Business Privilege, Mercantile, Local Services, and Amusement Devices taxes. Each tax provides insight into the economic conditions as they exist in Radnor Township. Graph 2 summarizes the various components of the taxes levied under the Enabling Act for 2009, 2010, 2011 and 2012. The Real Estate Transfer tax is generated as a percentage of real estate transactions in the Township. Looking at the revenues since 2009, the Real Estate Transfer revenue has recovered from \$1,869,545 in 2009 to \$2,480,143 in 2011, a jump of 33% over the four year period. The Business Privilege and Mercantile taxes are generated as a percentage (or millage) of gross receipts. Therefore, these taxes are a good indicator of the local economy from an activity perspective. Business Privilege tax revenues have grown by 47% from their 2009 low, which required increases in gross receipts activity of approximately \$776,900,000 from 2009 to 2012. The Mercantile tax revenue has grown by 21% from 2009, which required increases in retail activity (gross receipts) of approximately \$72,111,000. The Local Services tax is a flat \$52 per employee employed in Radnor Township per year, provided they earn more than \$12,000 during that year. Consequently, this tax is an indicator of the overall employment in Radnor Township. In spite of the revenue recovery in the other tax categories, the Local Services taxes have decreased over the analysis period (2009-2012). There are two components of this decrease: First, pursuant to Act 511, the local school district is entitled to receive \$5.00 out of the \$52.00 unless otherwise agreed to. Second, the Township and Radnor School District had a grounds maintenance agreement that allowed the Township to keep the full \$52.00 as compensation for maintaining all of the School District grounds. That Agreement was dissolved in 2011 and consequently the Township was required to remit the school district share beginning in 2012. Finally, the Amusement Devices tax generates approximately \$40,000 per year and is immaterial to analyzing the global Township economy.



LONG-TERM FINANCIAL PLANNING

The Board of Commissioners and Administration worked together through 2012 to build a working five-year forecasting model as well as a fifteen year trend identifying model. In doing so, the Board of Commissioners committed to meeting monthly to review such items as storm water management, other post-employment liabilities, township staffing conditions and recommendations, capital funding, township facility funding, infrastructure funding, funding for various community groups, and funding for the three fire companies servicing Radnor stakeholders.

As the Board of Commissioners works through these various funding issues, the five-year forecast is utilized to gain an understanding of how these different components impact the aggregate operating activity for the Township. This type of long-term financial planning will allow the Board to make holistic funding decisions, rather than a series of decisions in a vacuum.

MAJOR INITIATIVES: Transparency and Fiscal Improvements

In 2011, the Board of Commissioners adopted legislation creating the Citizens' Audit Review & Financial Advisory Committee (CARFAC). The CARFAC is made up of eight volunteer residents who are knowledgeable in the areas of business, finance and accounting. The CARFAC was charged to step into the Township's audit process to provide a direct contact between the independent auditors, the public and the Board of Commissioners, separate from Management. Further, the CARFAC's responsibilities include reviewing the Township's fiscal planning, budgeting, business processes and other areas in an effort to provide expertise and transparency to Radnor Township. Immediately, the CARFAC members identified several projects to work with the Administration on such as developing the long-term financial model, implementing various key internal control measures, analyzing the unfunded pension and OPEB liabilities and to develop a plan to address these liabilities as well as analyzing the Township's Act 511 tax business processes and identify improvements to the program to enhance revenue. These important projects are on-going, but have already begun to improve the Township's operations and have proven to be a tremendously positive venture.

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, 2011. This was the first time that the Township had received this prestigious award since 2007. 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.

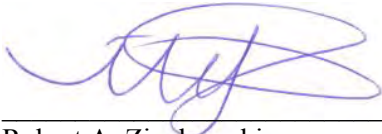
ACKNOWLEDGMENTS

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. Additionally, we thank the members of the Township Staff that provide the stakeholders of Radnor Township with the very best municipal services in all circumstances.

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

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

Respectfully,



Robert A. Zienkowski,
Township Manager / Secretary



William M. White, MBA
Director of Finance

PRINCIPAL OFFICIALS
 As of December 31, 2012
 RADNOR TOWNSHIP, PENNSYLVANIA

ELECTED OFFICIALS

Board of Commissioners

James C. Higgins, Esq.,	1 st Ward Commissioner
Kevin G. Higgins, CPA	2 nd Ward Commissioner
William A. Spingler	3 rd Ward Commissioner
Elaine P. Schaefer	4 th Ward Commissioner
John C. Nagle, P.E.	5 th Ward Commissioner
Donald Curley	6 th Ward Commissioner
John Fisher	7 th Ward Commissioner

Elected Treasurer

John E. Osborne	Treasurer, At-Large
-----------------------	---------------------

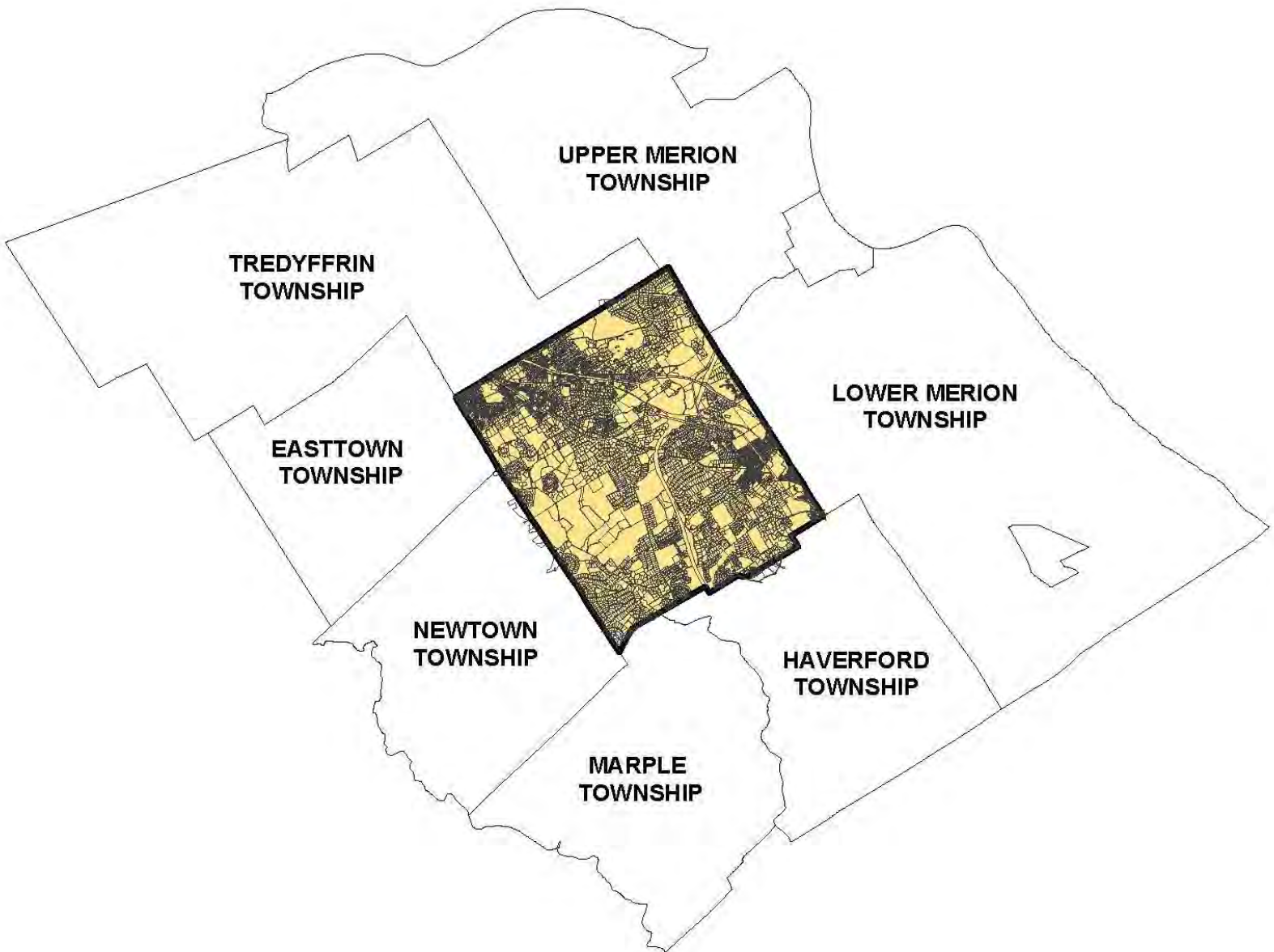
APPOINTED OFFICIALS

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

APPOINTED PROFESSIONAL FIRMS

T.D. Bank, NA	Banking Depository
Cozen O’Conner	Bond Counsel
PFM Advisors	Pension Plan Investment Advisor
Mockenhaupt Benefits Group	Pension Plan Actuary
Dilworth Paxson, LLP	Labor Law Solicitor
Brown & Silbergeld, PC	Business Tax Solicitor

TOWNSHIP OF RADNOR, PENNSYLVANIA
MAP OF RADNOR AND SURROUNDING COMMUNITIES



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Township of Radnor, Pennsylvania
Wayne, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Radnor, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 auditors' 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, 2012, 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.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the Township of Radnor implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the year ended December 31, 2012, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

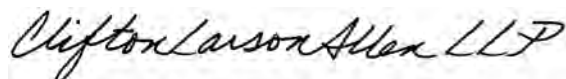
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedules of funding progress and employer contributions, and budgetary comparison information on pages 3-14, 58-61 and 62-64, be presented to supplement the basic financial 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 combining nonmajor fund financial statements and individual Fund schedules and budgetary comparison information on pages 65-84, the information presented in the Introductory Section on pages i-xi, and the information presented in the Statistical Section on pages 85-105 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and individual fund schedules and budgetary comparison information on pages 65-84 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and individual fund schedules and budgetary comparison information pages 65-84 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information presented in the Introductory Section on pages i-xi, and the information presented in the Statistical Section on pages 85-105 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 this information.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 10, 2013

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

It is a pleasure to present the financial picture of 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, 2012.

Financial Highlights

Radnor Township's government-wide net position on December 31, 2012 was (\$6,293,337). The Township's total net position improved by \$2,317,678 from December 31, 2011 largely due to the current year increase in the revenues related to the Act 511 taxes. The Township's negative net position is the result of continued unfunded pension and other post-employment ("OPEB") obligations. To begin to address the pension underfunding and the unfunded OPEB obligations, the Board of Commissioners established a resolution in 2011 which assigns excess General Fund balances to address these issues, and charged the Township Administration for developing a long-term funding plan to be reviewed in 2013.

In terms of operations, Radnor Township had an excellent year. On December 31, 2012, the Township's governmental funds reported combined ending fund balances of \$15,848,264, an increase of \$2,173,550 in comparison with the prior year. The increase was the result of strong performance in the General Fund, highlighted by 23% growth in the Business Privilege Tax complemented with managed expenditure growth. At the end of the year, the General Fund balance increased by 16%, or \$1,107,731. Also supporting the revenue growth in the General Fund was the 3% growth in real estate taxes resulting from the 3% millage increase approved by the Board of Commissioners. The Sewer Fund balance increased by \$170,183 or 7% primarily as a result of the 3% increase in the sewer rent fee.

As noted above, in an effort to begin to allocate available resources towards addressing the unfunded long-term pension and OPEB liabilities as well as needed departmental capital funding, the Board of Commissioners adopted legislation assigning percentages of fund balance to meet those obligations. The available resources include fund balances that exceed the General Fund target fund balance of 15% of expenditures. For 2012, the Board assigned 47% of the General Fund balance towards this effort. Specifically, the Board has assigned \$3,022,470 to help address the compensated absence and OPEB liabilities, \$580,120 to help fund the capital program, and \$193,373 for pension obligations. See the General Fund Balance Sheet on page 14 for more details.

Overview of the Financial Statements

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

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

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Overview of the Financial Statements (Continued)

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 a position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both of the 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, community development, public safety, public works and parks and recreation. The business-type activities of the Township include the rental of The Willows Mansion.

The government-wide financial statements include only the activities of the Township. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the Township.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of 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 revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Overview of the Financial Statements (Continued)

The Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Sewer Fund, Debt Service Fund, and the Capital Improvement Fund which are considered to be major funds. The Township has four nonmajor governmental funds, the Park Improvements and Open Space Fund, State Liquid Fuels Tax Fund, Storm Water Fund, and the Special Assessment Fund.

The Township adopts an annual appropriated budget for all of 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 62 through 64.

The basic governmental funds financial statements can be found on pages 17 through 20 of this report.

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

The basic proprietary funds financial statements can be found on pages 21 through 23 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The fiduciary funds of the Township are pension trust funds and agency funds. Total net position of the fiduciary funds was \$37,747,375.

The basic fiduciary funds financial statements can be found on pages 24 and 25 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 26 through 57 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 58 through 64 of this report.

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 65 through 84 of this report.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Township's governmental activities net position has increased from a year ago. Table 1 reflects a governmental activities net position of (\$6,461,064), which represents a decrease in the deficiency of \$2,308,007 from December 31, 2011.

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 \$5,047,878 at the end of the year. The Township of Radnor uses these capital assets to provide services to 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.

Table 1 - Township of Radnor's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 19,651,445	\$ 16,295,144	\$ 72,441	\$ 68,152	\$ 19,723,886	\$ 16,363,296
Capital Assets	43,368,705	44,054,270	98,764	92,609	43,467,469	44,146,879
Total Assets	<u>63,020,150</u>	<u>60,349,414</u>	<u>171,205</u>	<u>160,761</u>	<u>63,191,355</u>	<u>60,510,175</u>
Deferred Outflows of Resources	2,868,455	2,353,464	-	-	2,868,455	2,353,464
Noncurrent Liabilities	52,315,443	53,536,123	-	-	52,315,443	53,536,123
Other Liabilities	20,034,226	17,935,826	3,478	2,705	20,037,704	17,938,531
Total Liabilities	<u>72,349,669</u>	<u>71,471,949</u>	<u>3,478</u>	<u>2,705</u>	<u>72,353,147</u>	<u>71,474,654</u>
Net Position:						
Net Investment in Capital Assets	\$ 5,047,878	\$ 3,738,196	\$ 98,764	\$ 92,609	\$ 5,146,642	\$ 3,830,805
Restricted	6,723,380	5,636,058	-	-	6,723,380	5,636,058
Unrestricted (Deficiency)	(18,232,322)	(18,143,325)	68,963	65,447	(18,163,359)	(18,077,878)
Total Net Position (Deficiency)	<u>\$ (6,461,064)</u>	<u>\$ (8,769,071)</u>	<u>\$ 167,727</u>	<u>\$ 158,056</u>	<u>\$ (6,293,337)</u>	<u>\$ (8,611,015)</u>

The Township's business-type activity includes the Willows Fund, which accounts for the program activity at the mansion. The total business-type activities' net position increased by \$9,671 compared to an increase of \$124,334 for the year ended December 31, 2011. The primary reason for the net position improvement for 2011 and 2012 was the General Fund transfers in each of those years totaling \$49,203 and \$60,824, respectively.

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2012. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Government-Wide Financial Analysis (Continued)

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

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 10,701,983	\$ 9,806,271	\$ 74,230	\$ 100,823	\$ 10,776,213	\$ 9,907,094
Operating Grants and Contributions	1,937,762	3,413,688	-	-	1,937,762	3,413,688
Capital Grants and Contributions	210,897	169,571	-	111,577	210,897	169,571
General Revenues:						
Real Estate Taxes	11,734,189	10,915,977	-	-	11,734,189	10,915,977
Taxes Levied Under Act 511	11,808,104	10,107,822	-	-	11,808,104	10,107,822
Debt Repayment Agreements	95,933	-	-	-	95,933	-
Investment Income	103,117	658,671	66	192	103,183	658,863
Total Revenues	36,591,985	35,072,000	74,296	212,592	36,666,281	35,284,592
Expenses:						
General Government	4,110,480	4,267,630	-	-	4,110,480	4,267,630
Protection to Persons and Property	11,313,565	10,697,442	-	-	11,313,565	10,697,442
Health and Sanitation	8,188,645	7,703,327	-	-	8,188,645	7,703,327
Highways	4,819,026	4,700,904	-	-	4,819,026	4,700,904
Library	818,443	733,821	-	-	818,443	733,821
Parks and Recreation	3,046,785	3,067,398	82,902	94,912	3,129,687	3,162,310
Interest on Long Term Debt	1,968,757	2,046,102	-	-	1,968,757	2,046,102
Total Expenses	34,265,701	33,216,624	82,902	94,912	34,348,603	33,311,536
Changes in Net Position before Transfers	2,326,284	1,855,376	(8,606)	117,680	2,317,678	1,973,056
Transfers	(18,277)	(6,654)	18,277	6,654	-	-
Changes in Net Position	2,308,007	1,848,722	9,671	124,334	2,317,678	1,973,056
Net Position, Beginning	(8,769,071)	(10,617,793)	158,056	33,722	(8,611,015)	(10,584,071)
Net Position, Ending	\$ (6,461,064)	\$ (8,769,071)	\$ 167,727	\$ 158,056	\$ (6,293,337)	\$ (8,611,015)

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

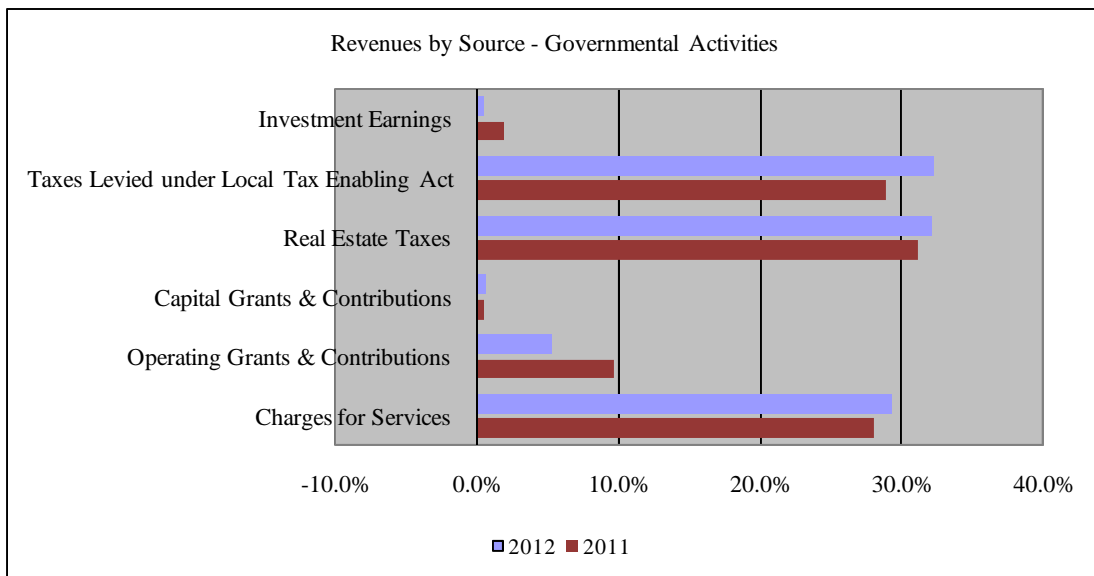
Governmental Activities

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 revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Programs	Total Cost of Services		Total Net Cost	
	2012	2011	2012	2011
General Government	\$ 4,110,480	\$ 4,267,630	\$ (2,800,691)	\$ (3,151,601)
Protection to Persons and Property	11,313,565	10,697,442	(6,968,207)	(6,485,795)
Health and Sanitation	8,188,645	7,703,327	(2,832,575)	(1,856,884)
Highways	4,819,026	4,700,904	(3,749,994)	(3,672,954)
Library	818,443	733,821	(818,443)	(733,821)
Parks and Recreation	3,046,785	3,067,398	(2,276,392)	(1,879,937)
Interest on Long-Term Debt	1,968,757	2,046,102	(1,968,757)	(2,046,102)
Total	\$ 34,265,701	\$ 33,216,624	\$ (21,415,059)	\$ (19,827,094)

Net cost of services is 62% of total cost of services in 2012 compared to 60% in 2011. These percentages reflect the Township's reliance on taxes, both real estate and those levied under the local enabling act, and other general revenue sources to fund the cost of services. While the Township acknowledges this reliance to a certain extent due to the nature of the various tax sources, an effort began in 2010 to improve the recoupment of selected costs through user fees assessed to those who use the particular service. These efforts are recognized by the \$895,712, or 9% increase in charges for services revenues from Governmental Activities as noted in Table 2. This marks the second straight year in which Charges for Services have increased by greater than 9% per year. Examples contributing to the increased revenue include engineering and legal fees related to land development paid for by the developer, increased building and related permitting revenue, and increased parking fees.

The graph below shows the percentage of the total governmental activities revenues allocated by each revenue type.

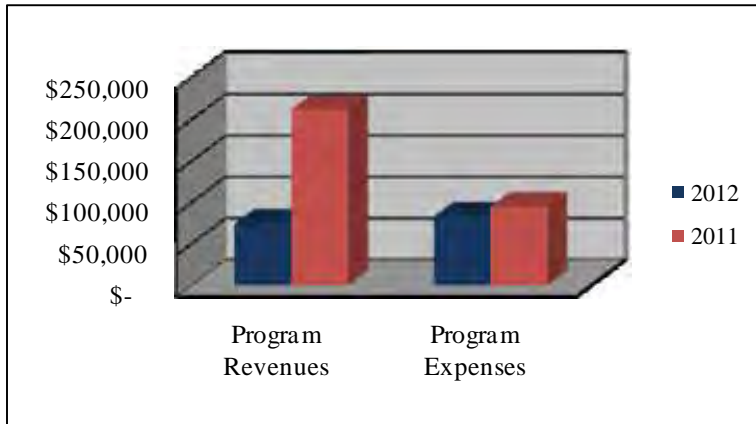


**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

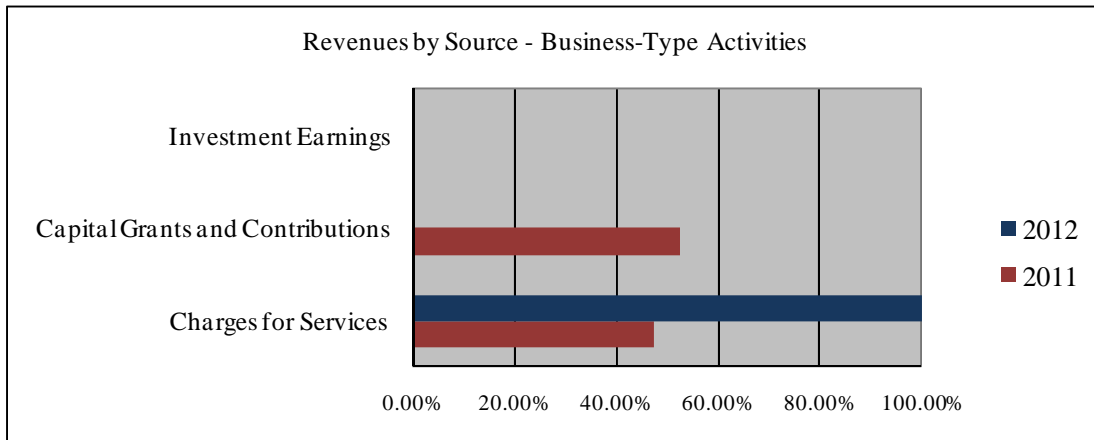
Business-Type Activities

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 \$82,902. All of the \$74,230 program revenue was generated for specific business-type of activity expenses. The graph below shows a comparison between the business-type activity expenses and program revenues.

Business-type activities showed an increase in net position of \$9,671. The increase was primarily due to the net transfer in proceeds, which consists of a General Fund transfer in proceeds totaling \$60,824, less debt service transfer out of \$42,549.



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



**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year 2012, the governmental funds reported combined ending fund balances of \$15,868,264, an increase of \$2,173,550 from the prior year. Approximately 23% of this total amount or \$3,652,753 constitutes unassigned fund balance, which is made up by the 15% of General Fund expenditure target fund balance policy. The next allocation of fund balance totals \$5,472,131 and is assigned indicating that it is not available for new spending because it has already been committed to other functions. The assigned fund balance is further broken down into the following categories: (\$1,398,893) for encumbered activity in 2012 carried forward into 2013, (\$2,518,725) for accrued but unpaid compensated absence liabilities, (\$580,120) for capital funding, (\$503,745) for OPEB Liabilities, (\$193,373) for pension liabilities, and (\$277,275) for other purposes such as for special assessment project financing. The next allocation of fund balance is restricted by constitutional provisions, enabling legislation, or constraints imposed by external factors which totaled \$5,493,285 and includes fund balances in the Sewer Fund (\$2,415,162), Debt Service Fund (\$458,458), Capital Improvement Fund (\$1,033,831), and Nonmajor Governmental Funds (\$1,585,834). The remainder of the fund balance is \$1,230,095 and is non-spendable to pay for future legal or contractual obligations which include prepaid items (\$31,795) and loans receivable (\$1,198,300).

The General Fund is the chief operating fund to the Township. It includes all of 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 2012, the unassigned fund balance of the General Fund was \$3,652,753. As a measure of the General Fund's liquidity, 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. Any fund balance in excess of the 15% is allocated to address various unfunded liabilities or the five year capital program. The total fund balance in the General Fund (including all categories of fund balance) grew by \$1,107,731 in 2012. The key factors in this increase mirror the increase on the government-wide statement in many ways and include:

- A significant increase in business privilege tax revenue from 2011 of \$1.4 million, or 23%
- Increased real estate tax revenues resulting from a millage increase of 0.11 mills (3%)
- Better than expected licensing and permitting revenues, which increased by 31% or \$670,000
- Better than expected real estate transfer tax revenue, which increased by 18% or \$286,000
- Expense reductions in health and sanitation and park maintenance resulting from attritional staff reductions.

In looking at the General Fund expenditures, overall growth from 2011 was \$1.1 million, or 5%. The Township continued its approach of not refilling several vacated, full-time positions in 2012, which led to cost reductions in the general government and the public works park maintenance department. Those decreases were offset by increases in all other areas of the General Fund, highlighted by increased protection to persons and property expenses due to increases in police personnel costs and higher community development expenses and highway expenses due to increases in engineering expenses.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Financial Analysis of the Government's Funds (Continued)

The [Sanitary] Sewer special revenue fund had a total fund balance of \$2,458,811 at December 31, 2012, an increase of \$170,183, or 7% over the prior year. The fund balance is made of non-spendable, restricted and assigned allocations totaling \$1,600, \$2,415,162, and \$42,049 (encumbrances), respectively. The activity in this fund is limited to the administration of the Township's sanitary sewer system. The increase in fund balance is the result of the combination of the sewer rent rate adjustments over the past two years in an effort to better align revenues with activity, as well as steady water consumption from 2011, which was the basis for the 2012 sewer rent invoices.

The Debt Service fund had a total fund balance of \$1,656,758 which is an increase of \$1,502,980 or (977%). The increase is the result of management's decision to move the loan receivable to this fund from the Capital Improvement fund. The loan receivable totals (\$1,198,300) and consists of bond repayment agreements with the Radnor Fire Company and the Wayne Art Center. The basis for the decision to move the loan receivable was the fact that each entity is making their share of the bond retirement payments for amounts borrowed by the Township on their behalf. Those bond payments are tied to the Township's annual debt service, not capital program. Therefore, the loan receivable was moved to match the loan repayment agreement with the Township's total debt retirement schedule.

The Capital Improvement fund had a fund balance of \$1,773,004, as of December 31, 2012, a decrease of \$1,324,165 or (43%) from 2011. The decrease is the result of the management's decision to move the loan receivable from this fund to the Debt fund.

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 and as documented in the Schedule of Revenues, Expenditures and Change in Fund Balance report for the General Fund (Budgetary Basis) (page 62), revenues from taxes levied under local tax enabling act and grants and licenses and permits did much better than originally anticipated, which contributed to the positive budgetary variance in the General Fund. The report shows that original revenue estimates in the General Fund were \$27,446,292 and actual revenues ended at \$29,762,822. Actual General Fund expenditures (\$24,103,689) did better than the final appropriation budget (\$24,569,418) by \$465,729. This was the result of lower than budgeted operations in the general government, public works, library, parks and recreation and other expenditure categories. The only expense category that produced a negative variance was in the protection to persons and property and was due to the non-budgeted expenses associated with the Township's emergency response to Superstorm Sandy.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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, 2012, amounts to \$43,368,705 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure and construction in progress. Capital assets decreased by 2% for governmental activities, primarily due to fewer purchases in the current year and significant prior year purchases being depreciated in the current year. Capital assets increased by 7% for business-type activities for 2012 due to building improvements at the Willows Cottage, funded through grant proceeds.

Table 4 - Capital Assets

Programs	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 12,303,066	\$ 12,303,066	\$ -	\$ -	\$ 12,303,066	\$ 12,303,066
Construction in Progress	170,863	99,594	-	-	170,863	99,594
Land Improvements	2,474,568	2,369,930	-	-	2,474,568	2,369,930
Buildings & Improvements	22,938,973	22,938,973	460,882	444,836	23,399,855	23,383,809
Machinery & Equipment	13,772,867	13,511,759	-	-	13,772,867	13,511,759
Infrastructure	15,886,203	15,182,794	-	-	15,886,203	15,182,794
Accumulated Depreciation	(24,177,835)	(22,351,846)	(362,218)	(352,227)	(24,540,053)	(22,704,073)
Total	\$ 43,368,705	\$ 44,054,270	\$ 98,664	\$ 92,609	\$ 43,467,369	\$ 44,146,879

Major capital asset events during fiscal year 2012 included flood control/water quality management projects, road projects, police and other vehicles, and parks and recreation equipment upgrades.

Additional information on the Township's capital assets can be found in Note 5 of this report.

Debt - As of December 31, 2012, the Township had general obligation bonds outstanding totaling \$48,040,000. In the current year, the Township paid \$2,455,000 in principal and \$1,934,907 in interest on outstanding debt. In addition, the Township refunded \$15,890,000 of debt with a new bond in the amount of \$16,360,000. In doing so, the Township realized 6.018% in net present value savings which equates to cash value savings of \$1,569,887 over the remaining life of the bonds (2037).

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Maturity
	2012	2011	2012	2011	
General Obligation Bonds:	\$ 48,040,000	\$ 50,025,000	\$ -	\$ -	2024, 2026, 2034 & 2037

Additional information about the Township's long-term debt can be found in Note 8 to the financial statements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Economic Factors and 2013 Budget

The following represent some of the significant items identified by Township management for 2013:

The Radnor Township economy has proven to be quick to recover from the recessionary period. As a major indication of the local economy, the business privilege tax, levied on gross sales, has recovered to pre-recessionary levels. In fact, those revenues are at their highest levels in the last twelve years. Another positive indication of the Township's economic resiliency is that the total real estate assessed value has continued to grow, with only one year of pull back. Finally, in early 2013, several major redevelopment projects have been submitted to the Township Board of Commissioners which includes several University improvements, a redevelopment of class-A business office space and others. Clearly, both residents and businesses find Radnor to be a valuable place to live and invest.

The Township also continues to focus on long-term planning. As a result of a series of meetings held by the Board of Commissioners throughout 2012, and thanks to the volunteer efforts of the Citizens' Audit Review and Financial Advisory Committee (CARFAC), the Township has begun to make strides towards addressing the various long-term obligations facing it including:

- **Other Post-Employment Benefits:** The Township has a better understanding of the breadth and gravity of these liabilities, thanks largely to the special report that CARFAC prepared for the Board of Commissioners in December 2012. Consequently, the Township has committed to addressing the issue through the development of a long-term funding plan in 2013 as well as making sure that the benefit structure is in line with market levels through collective bargaining.
- **Pension Benefits:** Beginning with the latest actuarial report, the township is making efforts to better match actuarial assumptions with actual benefits. This began with lowering the investment assumption from 8% to 7.5% as well as increasing police benefit estimates to better match prior practice benefit calculations. These efforts mark the beginning of a long-term, multi-faceted approach to finding the balance between marketable retirement benefits for employees and the costs taxpayers are willing to pay.
- **Five-Year Forecasting:** The Township incorporated a five-year forecast into its 2013 Budget. This marks the first such forecast for the Township since prior to the recessionary period and will prove to be a critical tool for the Board of Commissioners to prioritize the long term funding needs of the Township.
- **Capital Plan Administration and Funding:** In concert with the five-year forecast, the Township rebuilt the five-year Capital Plan in 2012 as part of the 2013 Budget. The revised capital plan included a comprehensive look at all of the Township's capital needs over the life of the assets as they exist at that time. Based on the replacement/ improvement schedule, the 2013 and future years' budgets include an assumed tax rate needed to fund the plan.
- **Risk exposure with regard to the Swaption:** The Board of Commissioners tasked management with completing a robust analysis of the Swap Agreement, and to recommend the most effective way to proceed. To achieve this task, management teamed up with CARFAC in the winter / spring months to develop a termination and refunding plan. This plan was approved by the Board in April and May, but is still incomplete as of the date of this report. See Note 15 on subsequent events for more information.

In addition to these 2013 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 in an effort to improve the overall business activity of the Township.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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, 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, 2012

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,134,219	\$ 72,091	\$ 8,206,310
Investments	6,285,769	-	6,285,769
Receivables			
Real Estate Taxes, Net	101,597	-	101,597
Local Enabling Taxes	387,562	-	387,562
Sewer Rents	306,624	-	306,624
Special Assessments	473,247	-	473,247
Other	842,973	350	843,323
Loans Receivable (Due Within One Year)	87,400	-	87,400
Prepaid Items	31,795	-	31,795
Loans Receivable (Due Beyond One Year)	1,110,900	-	1,110,900
Bond Issuance Costs	1,269,168	-	1,269,168
Pension Assets	620,191	-	620,191
Capital Assets			
Land and Construction in Progress	12,473,929	-	12,473,929
Other Capital Assets, Net of Depreciation	30,894,776	98,764	30,993,540
Total Capital Assets	<u>43,368,705</u>	<u>98,764</u>	<u>43,467,469</u>
Total Assets	<u>63,020,150</u>	<u>171,205</u>	<u>63,191,355</u>
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Activities	2,868,455	-	2,868,455
Total Deferred Outflows of Resources	<u>2,868,455</u>	<u>-</u>	<u>2,868,455</u>
Liabilities			
Accounts Payable and Accrued Liabilities	1,054,962	3,478	1,058,440
Accrued Interest Payable	494,945	-	494,945
Borrowing Payable - Swaption	2,016,099	-	2,016,099
Embedded Derivative Instrument	2,405,544	-	2,405,544
Noncurrent Liabilities:			
Due Within One Year	3,447,773	-	3,447,773
Due in More than One Year	47,893,800	-	47,893,800
Other Post Employment Benefits	15,036,546	-	15,036,546
Total Liabilities	<u>72,349,669</u>	<u>3,478</u>	<u>72,353,147</u>
Net Position			
Net Investment in Capital Assets	5,047,878	98,764	5,146,642
Restricted:			
Non-spendable	1,230,095	-	1,230,095
Sewer Operations	2,415,162	-	2,415,162
Debt Service	458,458	-	458,458
Capital Improvements	1,033,831	-	1,033,831
Park Improvements and Open Space	904,889	-	904,889
Highways	680,945	-	680,945
Unrestricted (Deficiency)	(18,232,322)	68,963	(18,163,359)
Total Net Position	<u>\$ (6,461,064)</u>	<u>\$ 167,727</u>	<u>\$ (6,293,337)</u>

See accompanying Notes to Financial Statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,110,480	\$ 1,080,385	\$ 88,322	\$ 141,082	\$ (2,800,691)	\$ -	\$ (2,800,691)
Protection to Persons and Property	11,313,565	3,697,080	648,278	-	(6,968,207)	-	(6,968,207)
Health and Sanitation	8,188,645	5,144,615	141,640	69,815	(2,832,575)	-	(2,832,575)
Highways	4,819,026	95,777	973,255	-	(3,749,994)	-	(3,749,994)
Library	818,443	-	-	-	(818,443)	-	(818,443)
Parks and Recreation	3,046,785	684,126	86,267	-	(2,276,392)	-	(2,276,392)
Interest on Long-Term Debt	1,968,757	-	-	-	(1,968,757)	-	(1,968,757)
Total Governmental Activities	34,265,701	10,701,983	1,937,762	210,897	(21,415,059)	-	(21,415,059)
Business-Type Activities:							
Willows Fund	82,902	74,230	-	-	-	(8,672)	(8,672)
Total Business-Type Activities	82,902	74,230	-	-	-	(8,672)	(8,672)
Total Primary Government	\$ 34,348,603	\$ 10,776,213	\$ 1,937,762	\$ 210,897	(21,415,059)	(8,672)	(21,423,731)
General Revenues							
Taxes:							
Real Estate Taxes					11,734,189	-	11,734,189
Taxes Levied under Local Tax Enabling Act:							
Real Estate Transfer					2,480,143	-	2,480,143
Mercantile					1,316,462	-	1,316,462
Business Privilege					7,262,512	-	7,262,512
Emergency and Municipal Services					702,954	-	702,954
Amusement					46,033	-	46,033
Investment Income					103,117	66	103,183
Debt Repayment Agreements					95,933	-	95,933
Transfers					(18,277)	18,277	-
Total General Revenues and Transfers					23,723,066	18,343	23,741,409
Change in Net Position					2,308,007	9,671	2,317,678
Net Position, Beginning					(8,769,071)	158,056	(8,611,015)
Net Position, Ending					\$ (6,461,064)	\$ 167,727	\$ (6,293,337)

See accompanying Notes to Financial Statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Sewer	Debt Service	Capital Improvement		
Assets						
Cash and Cash Equivalents	\$ 3,280,545	\$ 1,685,195	\$ 334,821	\$ 1,350,671	\$ 1,482,987	\$ 8,134,219
Investments	4,907,177	499,192	-	480,953	398,447	6,285,769
Receivables, Net:						
Real Estate Taxes	101,597	-	-	-	-	101,597
Local Enabling Taxes	387,562	-	-	-	-	387,562
Sewer Rents	-	306,624	-	-	-	306,624
Special Assessments	-	-	-	-	473,247	473,247
Other	753,564	-	-	38,141	51,268	842,973
Prepaid Items	30,195	1,600	-	-	-	31,795
Due from Other Funds	-	-	123,637	-	-	123,637
Loans Receivable	-	-	1,198,300	-	-	1,198,300
Total Assets	\$ 9,460,640	\$ 2,492,611	\$ 1,656,758	\$ 1,869,765	\$ 2,405,949	\$ 17,885,723
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 854,808	\$ 33,800	\$ -	\$ 96,761	\$ 69,593	\$ 1,054,962
Due to Other Funds	123,637	-	-	-	-	123,637
Unearned Revenues	385,613	-	-	-	473,247	858,860
Total Liabilities	1,364,058	33,800	-	96,761	542,840	2,037,459
Fund Balances						
Non-Spendable	30,195	1,600	1,198,300	-	-	1,230,095
Restricted	-	2,415,162	458,458	1,033,831	1,585,834	5,493,285
Assigned						
Subsequent Year Budget	617,671	42,049	-	739,173	-	1,398,893
Compensated Absence Liability	2,518,725	-	-	-	-	2,518,725
Capital Funding	580,120	-	-	-	-	580,120
OPEB	503,745	-	-	-	-	503,745
Pension	193,373	-	-	-	-	193,373
Unassigned						
Target 15% Fund Balance Reserve	3,652,753	-	-	-	-	3,652,753
Other	-	-	-	-	277,275	277,275
Total Fund Balances	8,096,582	2,458,811	1,656,758	1,773,004	1,863,109	15,848,264
Total Liabilities and Fund Balances	\$ 9,460,640	\$ 2,492,611	\$ 1,656,758	\$ 1,869,765	\$ 2,405,949	\$ 17,885,723

See accompanying Notes to Financial Statements.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012**

Total Governmental Fund Balances	\$ 15,848,264
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	67,546,539
Accumulated Depreciation	(24,177,834)
	43,368,705
Bond Issuance Cost is Recorded as an Expenditure in the Fund Statements but Recorded as an Asset and Amortized over the Life of the Bonds in the Statement of Net Position.	1,269,168
Other Long-Term Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	858,860
Net Pension Asset is a Long-Term Asset and is not Available to Pay for Current-Period Expenditures and, Therefore, not Reported in the Funds.	620,191
Deferred outflows on derivatives are not financial resources and therefore are not reported in the governmental funds.	2,868,455
Certain Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, Therefore, are not Reported in the Funds:	
Compensated Absences	(2,580,240)
Embedded Derivative Instrument	(2,405,544)
Borrowing Payable - Swaption	(2,016,099)
Net OPEB Obligation	(15,036,546)
Accrued Interest Payable	(494,945)
General Obligation Bonds Payable	(48,761,333)
	(71,294,707)
Net Position of Governmental Activities	\$ (6,461,064)

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	Major Funds					Total Govern- mental Funds
	General	Sewer	Debt Service	Capital Improvement	Nonmajor Governmental Funds	
Revenues						
Real Estate Taxes	\$ 11,687,363	\$ -	\$ -	\$ -	\$ -	\$ 11,687,363
Taxes Levied under Local Tax Enabling Act:						
Real Estate Transfer	1,860,107	-	-	-	620,036	2,480,143
Mercantile	1,248,509	-	-	-	-	1,248,509
Business Privilege	7,262,512	-	-	-	-	7,262,512
Emergency and Municipal Services	702,954	-	-	-	-	702,954
Amusement	46,033	-	-	-	-	46,033
Licenses and Permits	2,812,427	-	-	-	-	2,812,427
Fines, Forfeits and Costs	617,297	-	-	-	-	617,297
Interest and Rents	187,112	13,829	-	9,275	15,166	225,382
Grants and Gifts	1,366,151	-	-	12,385	597,296	1,975,832
Departmental Earnings	1,651,419	5,074,753	-	-	69,815	6,795,987
Debt Repayment Agreements	-	-	95,933	-	-	95,933
Refunds and Miscellaneous	320,938	19,472	-	141,082	-	481,492
Total Revenues	29,762,822	5,108,054	95,933	162,742	1,302,313	36,431,864
Expenditures						
Current						
General Government	2,757,849	-	-	-	-	2,757,849
Protection to Persons and Property	9,265,977	-	-	-	-	9,265,977
Health and Sanitation	2,692,256	4,547,207	-	-	63,391	7,302,854
Highways	3,584,118	-	-	-	6,201	3,590,319
Library	818,443	-	-	-	-	818,443
Parks and Recreation	2,387,673	-	-	-	-	2,387,673
Miscellaneous						
Employee Benefits	2,000,964	-	-	-	-	2,000,964
Insurance	346,368	-	-	-	-	346,368
Other	250,041	-	-	-	-	250,041
Capital Outlay	-	-	-	1,129,643	-	1,129,643
Debt Service						
Principal Retirement	-	-	2,455,000	-	-	2,455,000
Interest	-	-	1,943,226	-	-	1,943,226
Bond Issue Costs	-	-	149,726	-	-	149,726
Payment to Redeem Bonds	-	-	15,890,000	-	-	15,890,000
Total Expenditures	24,103,689	4,547,207	20,437,952	1,129,643	69,592	50,288,083
Excess of Revenues over (Under) Expenditures	5,659,133	560,847	(20,342,019)	(966,901)	1,232,721	(13,856,219)
Other Financing Sources (Uses)						
Proceeds from Refunding Bonds	-	-	16,048,046	-	-	16,048,046
Transfers in	-	-	5,796,953	1,181,112	248,000	7,226,065
Transfers out	(4,551,402)	(390,664)	-	(1,538,376)	(763,900)	(7,244,342)
Total Other Financing Sources (Uses)	(4,551,402)	(390,664)	21,844,999	(357,264)	(515,900)	16,029,769
Net Change in Fund Balances	1,107,731	170,183	1,502,980	(1,324,165)	716,821	2,173,550
Fund Balances, Beginning	6,988,851	2,288,628	153,778	3,097,169	1,146,288	13,674,714
Fund Balances, Ending	\$ 8,096,582	\$ 2,458,811	\$ 1,656,758	\$ 1,773,004	\$ 1,863,109	\$ 15,848,264

See accompanying Notes to Financial Statements

**TOWNSHIP OF RADNOR, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balances - Governmental Funds	<u>\$ 2,173,550</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 those Assets is Allocated over their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Depreciation Exceeds Capital Outlay in the Current Period:	
Capital Outlay	1,140,424
Depreciation Expense	<u>(1,825,989)</u>
	<u>(685,565)</u>
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.	160,120
The Issuance of Long-Term Debt Provides Current Financial Resources to Governmental Funds, while the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds. Neither Transaction, However, has any Effect on Net Position. This Amount is the Principal Repayments net of Proceeds of Issuance.	1,985,000
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	9,109
Change in Compensated Absences:	
General Government	(523)
Protection to Persons and Property	92,498
Health and Sanitation	66,272
Highways	(398)
Parks and Recreation	<u>14,218</u>
	<u>172,067</u>
Change in OPEB Obligation:	
General Government	(279,154)
Protection to Persons and Property	(1,009,250)
Health and Sanitation	(365,048)
Highways	(257,681)
Parks and Recreation	<u>(236,207)</u>
	<u>(2,147,340)</u>
Net Investment Revenue as a Result of the Non-hedged Change in the Fair Value of the Derivative is Recorded as Revenue in the Statement of Net Position	(72,122)
Bond Issuance Cost is Recorded as an Expenditure in the Fund Statements but Recorded as an Asset and Amortized over the Life of the Bond in the Statement of Net Position. This is the Amount by which the New Issuance Costs Exceeded Amortization for the Current Period.	86,907
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 New Premiums/Discounts Exceeded the Amortization for the Current Period.	349,436
The Increase in Pension Asset Resulting from Contributions More than the Annual Required Contribution for 2012 does not Require the use of Current Financial Resources and is not Reported in the Funds.	<u>276,845</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,308,007</u></u>

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-type Activities
	Willows
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 72,091
Receivables, net of allowance for uncollectibles	350
Total Current Assets	72,441
Noncurrent Assets	
Capital Assets	
Buildings	300,000
Improvements	160,882
Less Accumulated Depreciation	(362,118)
Total Noncurrent Assets	98,764
Total Assets	171,205
Liabilities	
Current Liabilities	
Accounts Payable	3,478
Total Current Liabilities	3,478
Net Position	
Net Investment in Capital Assets	98,764
Unrestricted	68,963
Total Net Position	\$ 167,727

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-type Activities
	Willows
Operating Revenues	
Charges for Services	\$ 74,230
Total Operating Revenues	74,230
Operating Expenses	
Operations	73,011
Depreciation	9,891
Total Operating Expenses	82,902
Operating Income (Loss)	(8,672)
Nonoperating Revenues:	
Interest	68
Total Nonoperating Revenues	68
Income Before Transfers	(8,604)
Transfers in	60,824
Transfers out	(42,549)
Change in Net Position	9,671
Total Net Position, Beginning	158,056
Total Net Position, Ending	\$ 167,727

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-type Activities
	Willows
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 74,730
Payments to Suppliers	(35,558)
Payments to Employees	(36,680)
Net Cash Provided by Operating Activities	2,492
Cash Flows from Noncapital Financing Activities	
Receipts from Other Fund	60,824
Transfers to Other Funds	(42,549)
Net Cash Provided by Noncapital Financing Activities	18,275
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(16,046)
Net Cash Used by Capital Activities	(16,046)
Cash Flows from Investing Activities	
Interest Received	68
Net Cash Provided by Investing Activities	68
Increase in Cash and Cash Equivalents	4,789
Cash and Cash Equivalents, Beginning	67,302
Cash and Cash Equivalents, Ending	<u>\$ 72,091</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (8,672)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	9,891
Change in Assets and Liabilities:	
Receivables	500
Accounts Payable	773
Net Cash Provided by Operating Activities	\$ 2,492

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2012

	Pension Trust	Agency
Assets		
Cash and Cash Equivalents	\$ 2,358,440	\$ 1,103,459
Investments:		
Stocks	1,954,553	-
Corporate Bonds	2,646,945	-
Equity Mutual Funds	18,807,216	-
Fixed Income Funds	7,553,931	-
Real Estate Limited Partnership	481	-
Certificates of Deposit	595,000	-
Municipal Bonds	348,570	-
U.S. Government and Agency Securities	3,457,561	-
Receivables:		
Accrued Interest	40,969	-
Total Assets	37,763,666	\$ 1,103,459
Liabilities		
Accounts Payable	6,744	-
Refunds Payable	9,547	-
Deposits Payable	-	1,103,459
Total Liabilities	16,291	\$ 1,103,459
Net Position		
Net Position Held in Trust for Pension Benefits	\$ 37,747,375	

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Pension Trust
Additions:	
Contributions:	
Commonwealth of Pennsylvania	\$ 593,634
Employer	1,852,095
Members	391,769
Total Contributions	2,837,498
Investment Earnings:	
Net Appreciation in Value of Investments	3,838,136
Investment Expense	(95,027)
Net Investment Earnings	3,743,109
Other Additions:	
Litigation	6,041
Total Other Additions	6,041
Total Additions	6,586,648
Deductions:	
Benefits	3,472,876
Refund of Contributions	126,324
Administrative Expenses	32,620
Lump Sum Payments	63,823
Killed In Service Insurance Premium	8,200
Total Deductions	3,703,843
Change in Plan Net Position	2,882,805
Net Position Held in Trust for Pension Benefits:	
Beginning of Year	34,864,570
End of Year	\$ 37,747,375

See accompanying Notes to Financial Statements

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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 11 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, 2012

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, liabilities, reserves, 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 General Reserve 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.

- ***Debt Service Fund*** – Accounts for the accumulation of resources for, and payment of, debt principal and interest.

- ***Capital Improvement Capital Projects Fund*** – Accounts for bond proceeds to be used for various capital acquisitions and improvements of the Township

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

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

- Park Improvements and Open Space Special Revenue Fund – 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).

- The State Liquid Fuels Tax Special Revenue Fund, as required by state law, accounts for receipts from 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.

- Special Assessment Capital Projects Fund – Accounts for financial resources to be used for installing sanitary sewers in the Township. This fund also accounts for the collection of special assessments levied on individual property owners deemed to benefit the specific properties assessed.

Proprietary Funds

Proprietary funds are used to account for operations that are organized to be self-supporting through user charges. In accordance with GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*,” the Township has not and does not intend to apply any Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 to the government-wide financial statements and the enterprise fund. The funds included in this category are:

- 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.

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 Trust Funds*** – Account for Township and employee pension plan contributions and provide for the payment of retirement 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 funds 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Improvements, Special Assessments, 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 of Commissioners (the "Board") a minimum 3-year capital improvement plan (a five-year capital plan has been submitted since 1994).
- 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; it contains 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 of Commissioners 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

- 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.

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 December 31, 2012, 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 unearned 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the both government-wide statements and fund financial statements.

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 \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

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 financial 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 one item that qualifies for reporting in this category, the accumulated decrease in fair value of hedging activities, which is reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has no items that qualify for reporting in this category.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Amortization of Bond Costs

In the government-wide financial statements and in the proprietary fund financial statements, any bond issuance costs are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, issuance costs are recognized as debt service expenditures during the current period, whether or not withheld from the actual debt proceeds received.

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 accordance with GASB Statement No. 23, an unamortized charge, difference between the reacquisition price and the net carrying amount of old debt, on refundings of debt is deferred and amortized to interest expense using the proportionate-to-stated-interest method. The unamortized charge is reported as a deduction from long-term debt.

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.

Bond Discounts and Premiums

In the government-wide financial statements and in the proprietary fund financial statements, any bond discounts and premiums are deferred and 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 or loss on refunding.

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 funds. 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.

Unearned Revenues

In the governmental fund financial statements, unearned 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Real Estate Taxes

In the governmental fund financial statements, real estate taxes are recorded as revenues when available and measurable, that is, when the taxes are levied. The Township 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 unearned revenue until it becomes available.

Fund Balance

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

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

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

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

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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Balance (Continued)

Unassigned – Residual net resources. If after the annual audit, prior committed or assigned fund balance causes 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.

The Township Commissioners passed a resolution authorizing the Township Finance Director to designate fund balances by their intended use. When expenditures are incurred for purposes for which both restricted and unrestricted balance are available, it is the Townships' current unwritten 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 currently the Township's unwritten policy to use committed first, then assigned and then finally unassigned.

Net Position

Net position represent 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, net of related debt, 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, net of related debt 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 position are available.

Other Postemployment Benefits

The Township adopted GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of January 1, 2008. This statement requires governments to recognize an expense under the accrual basis for annual required other postemployment benefits contributions, regardless of amounts paid. The cumulative difference between amounts expensed and paid creates a liability (asset) similar to net pension obligation. See Note 9.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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.

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, 2012 totaling \$47,953,320 are classified in the fund balance sheets/statements of net position as follows:

	Cash and Cash Equivalents	Investments	Total
General Fund	\$ 3,280,545	\$ 4,907,177	\$ 8,187,722
Special Revenue Fund			
Sewer Fund	1,685,195	499,192	2,184,387
Debt Service Fund	334,821	-	334,821
Capital Projects Fund			
Capital Improvement Fund	1,350,671	480,953	1,831,624
Nonmajor Governmental Fund	1,482,987	398,447	1,881,434
Enterprise Fund	72,091	-	72,091
Fiduciary Funds	3,461,899	35,364,257	38,826,156
Total	<u>\$ 11,668,209</u>	<u>\$ 41,650,026</u>	<u>\$ 53,318,235</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2012, \$11,135,831 of the Township’s bank balances of \$11,385,831 was exposed to custodial credit risk as follows:

Uninsured, Collateral Held by Pledging Bank's Trust Department not in the Township's Name	\$ 11,135,831
--	---------------

Investments

Investments held as of December 31, 2012 are as follows:

Governmental Funds:	
Negotiable Certificates of Deposit	\$ 2,982,000
U.S. Government Agencies	394,000
PLGIT	2,909,769
	6,285,769
Pension Trust Funds:	
Money Funds (1)	902,486
Stocks	1,954,554
Corporate Bonds	2,646,945
Negotiable Certificates of Deposit	595,000
U.S. Treasury Notes	3,419,308
U.S. Government Agencies	38,253
Municipal Debt	348,570
Fixed Income Funds	7,553,931
Equity Mutual Funds	18,807,216
Real Estate Limited Partnership	481
	36,266,744
	\$ 42,552,513

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

The Township had \$2,909,769 invested in the Pennsylvania Local Government Investment Trust (“PLGIT”) at December 31, 2012. This Trust is a common law trust established pursuant to the Intergovernmental Cooperation Act and similar statutes by Local Governments in Pennsylvania for the purpose of pooling their investments. It is a fundamental policy of the Trust to maintain a net position value of \$1 per share, but there can be no assurance that the net position value will not vary from \$1 per share.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012, 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 maturities of the Township's negotiable certificates of deposits and U.S. Treasury notes are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Negotiable Certificates of Deposits	\$ 693,000	\$ 343,000	\$ 97,000	\$ 200,000	\$ 250,000	\$ 598,000
	<u>2019</u>	<u>2021</u>	<u>2022</u>	<u>2024</u>	<u>2032</u>	<u>Total</u>
	\$ 98,000	\$ -	\$ 300,000	\$ 798,000	\$ 200,000	\$ 3,577,000
	<u>2014</u>	<u>2018</u>	<u>2022</u>	<u>Total</u>		
U.S. Treasury Notes	\$ 2,534,810	\$ 502,900	\$ 381,598	\$ 3,419,308		

The average maturities of the Township's U.S. Government Agencies, fixed income funds, corporate bonds and municipal debt are as follows:

	<u>Average Maturities (in years)</u>					<u>Total</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>	<u>More than 15</u>	
U.S. Government Agencies	\$ -	\$ 38,253	\$ -	\$ -	\$ -	\$ 38,253
Fixed Income Funds	\$ -	\$ -	\$ 7,553,931	\$ -	\$ -	\$ 7,553,931
Corporate Bonds	\$ -	\$ 1,292,133	\$ 1,354,812	\$ -	\$ -	\$ 2,646,945
Municipal Debt	\$ -	\$ 147,559	\$ 201,011	\$ -	\$ -	\$ 348,570

There were no investments in U.S. Government Agencies subject to be called in 2013.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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’s investments in fixed income funds were not rated. The Township’s investments in corporate bonds were rated by Moody’s as follows:

		<u>Credit Rating</u>
Corporate Bonds	\$ 1,278,402	A
Corporate Bonds	1,063,118	Aa
Corporate Bonds	<u>305,425</u>	Not Rated
	<u>\$ 2,646,945</u>	

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances of each individual fund as of December 31, 2012 are as follows (certain amounts are netted for presentation in the statements of net position):

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 123,637
Debt Service Fund	123,637	-
Total	<u>\$ 123,637</u>	<u>\$ 123,637</u>

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

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 4,551,402
Special Revenue Fund		
Sewer Fund	-	390,664
Debt Service Fund	5,796,953	-
Capital Projects Fund		
Capital Improvement Fund	1,181,112	1,538,376
Nonmajor Governmental Funds	248,000	763,900
Enterprise Fund	60,824	42,547
	<u> </u>	<u> </u>
Total	<u>\$ 7,286,889</u>	<u>\$ 7,286,889</u>

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

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2012:

	2011 Balance	Additions	Deletions	2012 Balance
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 12,303,066	\$ -	\$ -	\$ 12,303,066
Construction in Progress	99,594	79,727	8,458	170,863
Total Capital Assets not being Depreciated	12,402,660	79,727	8,458	12,473,929
Capital Assets, Being Depreciated:				
Land Improvements	2,369,930	104,638	-	2,474,568
Buildings	22,938,973	-	-	22,938,973
Machinery and Equipment	13,511,759	261,108	-	13,772,867
Infrastructure	15,182,794	703,409	-	15,886,203
Total Capital Assets Being Depreciated	54,003,456	1,069,155	-	55,072,611
Less Accumulated Depreciation for:				
Land Improvements	1,360,711	106,792	-	1,467,503
Buildings	4,360,515	575,647	-	4,936,162
Machinery and Equipment	9,761,449	583,191	-	10,344,640
Infrastructure	6,869,171	560,359	-	7,429,530
Total Accumulated Depreciation	22,351,846	1,825,989	-	24,177,835
Total Capital Assets Being Depreciated, Net	31,651,610	(756,834)	-	30,894,776
Governmental Activities Capital Assets, Net	\$ 44,054,270	\$ (677,107)	\$ 8,458	\$ 43,368,705
Business Type Activities				
Capital Assets, Being Depreciated:				
Buildings	\$ 300,000	\$ -	\$ -	\$ 300,000
Improvements	144,836	16,046	-	160,882
Total Capital Assets Being Depreciated	444,836	16,046	-	460,882
Less Accumulated Depreciation for:				
Buildings	285,000	7,500	-	292,500
Improvements	67,227	2,391	-	69,618
Total Accumulated Depreciation	352,227	9,891	-	362,118
Total Capital Assets Being Depreciated, Net	92,609	6,155	-	98,764
Business Type Activities Capital Assets, Net	\$ 92,609	\$ 6,155	\$ -	\$ 98,764

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions / programs as follows:

Governmental Activities:	
General Government	\$ 686,773
Protection to Persons and Property	111,555
Health and Sanitation	169,189
Highways	686,600
Parks and Recreation	171,872
Total Depreciation Expense, Governmental Activities	\$ 1,825,989
Business-type Activities:	
Willows Fund	\$ 9,891
Total Depreciation Expense, Business-Type Activities	\$ 9,891

NOTE 5 LOANS RECEIVABLE

The following is a summary of loans receivable at December 31, 2012:

Wayne Art Center	\$ 850,000
Radnor Fire Company	348,300
	\$ 1,198,300

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 follows the repayment schedule consistent with that of the General Obligation Bonds, Series of 2004, from which the loan was funded. The loan bears interest at varying rates over the life of the bonds from 2.5% to 5.0% per annum. Principal and interest payments of approximately \$61,500 to \$66,500 per year extend through 2034. Principal payments are due annually on July 15, beginning in 2005. Interest payments are due January 15 and July 15 of each year, beginning in 2005.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5 LOANS RECEIVABLE (CONTINUED)

On November 1, 1996, the Township entered into a Loan and Service agreement with the Radnor Fire Company (the “Fire Company”), whereby the Township agreed to loan \$1,000,000 to the Fire Company to finance construction of a new firehouse and related facilities in exchange for the Fire Company’s commitment to continue providing fire protection services for the Township during the term of the loan. The loan bears interest at a rate of 5.443% per annum. Principal and interest payments of approximately \$80,500 per year extend over a 20-year period and are due annually on December 31, beginning in 1997.

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

NOTE 6 HEDGING DERIVATIVE INSTRUMENTS (SWAPTION)

Summary of Township Derivatives

The Township has one derivative as of December 31, 2012 as defined by GASB 53:

Hybrid Instrument:

Description of Transaction	Type	Initial Notional	Current Notional	Counterparty
\$13,770,000 PAY 4.81% Receive 67% 1M LIBOR	Swaption	\$13,770,000	\$13,770,000	LBSF

Trade Date: 8/29/2005

Option Exercise Date: 2/14/2014

Effective Date: 8/1/2014

Maturity Date: 8/1/2034

Associated Hedgeable Item: The Interest Rate Management Plan identifies an Expected Transaction: Debt: Expected Current Refunding Issue, Series of 2014 – Variable Rate

Purpose of the Hedge: Synthetic Refunding of the Series of 2004 Bonds, expected to mitigate interest rate risk with this floating to fixed rate swaption (pay 4.81%, receive 67% of One-Month LIBOR).

A Swaption is reported as a hybrid instrument. A hybrid instrument is accounted for by bifurcating the transaction between the borrowing and the embedded derivative instrument. Derivatives are either hedging derivative instruments or investment derivatives, depending on meeting criteria established by GASB 53 for evaluating hedge effectiveness. A hedging derivative allows deferral of changes in fair value while an investment derivative requires that changes in fair value be immediately recorded as investment loss or gain.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 6 HEDGING DERIVATIVE INSTRUMENTS (SWAPTION) (CONTINUED)

Purpose of the Hedge (Continued):

On 08/29/05 the Township sold a swaption to the counter party. As the buyer, the counterparty has the right, but not the obligation, to place the Township into a pay-fixed swap on 08/01/14 (a European option). Upon entering into the swaption, the Township received an up-front payment of \$1,040,000 (net of transaction closing costs of \$40,000) from the Counterparty. The majority of the payment is a result of the option being in-the-money at inception. That is, the option has intrinsic value as the swaption's fixed rate (4.81%) was greater than the at-market rate (3.71%). The remainder of the up-front payment reflects the time value the counterparty pays for holding the option. To the Township, the time value portion of the payment represents deferred investment revenue. The intrinsic value of the swaption is considered a borrowing for financial reporting purposes and is treated as a liability in the financial statements. Interest accretes to the balance of the liability from inception through the swaption's exercise date. Thereafter, assuming the swaption is exercised, there are level amortization payments attributed to the borrowing. The at-market portion of the swaption can be classified as, a hedging derivative and deferred (assuming it qualifies as a hedging derivative), while any off-market portion and time value are reported within the investment revenue classification.

The Township has determined, as of December 31, 2012, that the embedded derivative instrument portion of the Swaption meets the criteria for hedge effectiveness, using the Dollar-offset Method. Therefore, the embedded derivative instrument is a hedging derivative instrument, and hedge accounting is applied.

The current year increase in the derivative instrument (swaption) payable is \$514,991. Increases were also reflected in: the borrowing payable of \$72,122, interest expense of \$72,122 and Deferred outflow of resources of \$514,991. As of December 31, 2012, the total fair value of the swaption was a liability of \$4,421,643.

Credit Risk

The Township could be exposed to credit risk in periods which the fair value of its swaption is in an asset position. As of the end of the period, the Township swaption is a liability and therefore, the Township is not currently exposed to the credit risk of its swaption counterparty.

Interest Rate Risk

The Township is exposed to interest rate risk on its interest rate swaption. As of the end of the period the swaption has not been exercised by the counterparty and there are currently no periodic payments to or from the counterparty. However, because the Township sold the counterparty the right to deliver to the Township a pay-fixed, receive variable interest rate swap on 08/01/14, the fair value of the swaption will decrease as LIBOR rates decrease. Conversely, the fair value of the swaption will increase as LIBOR rates increase. As of the end of the period the Township considers the swaption's exercise likely.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 6 HEDGING DERIVATIVE INSTRUMENTS (SWAPTION) (CONTINUED)

Tax Risk

The Township is exposed to tax risk on its interest rate swaption. As of the end of the period the swaption has not been exercised by the counterparty and there are currently no periodic payments to or from the counterparty. However, should the counterparty exercise its option, the Township would be exposed to the extent that variable-rate receipts required under the potential swap are based on a taxable index (one-month LIBOR), and the potential future variable-rate bond payments to be made by the Township are based on a tax-exempt index (SIFMA). The party making payments based on a tax-exempt index bears the tax risk.

Basis Risk

As of the reporting period, there are no periodic payments required by the swaption and therefore the Township is not currently exposed to basis risk. However, should the counterparty exercise its option, the Township would be exposed to basis risk to the extent that variable-rate receipts (based on 67% of one-month LIBOR) required under the potential swap are not based on the same reference index rate as the potential future variable-rate bond payments (based on SIFMA plus a market spread and ancillary costs).

Termination Risk/ Contingencies

On September 15, 2008, the counterparty to the swaption, Lehman Brothers Special Financing, Inc. ("LBSF"), filed for bankruptcy, which constituted an Event of Default under the Schedule to the Master Agreement between LBSF and the Township. The Township then had the right to unilaterally terminate the swaption either through Market Quotation or the Loss Method as outlined in the Schedule. However, on September 15, 2009, the Bankruptcy Court ruled that counterparties to swaps with LBSF had given up the unilateral right to terminate swaps against LBSF after not exercising that right within one year. LBSF has the right to novate the agreement and assign its role to another bank counterparty that is deemed reasonably acceptable to the Township, or LBSF and the Township may agree to negotiate a termination. No action has been taken by either party subsequent to the September 15, 2009 ruling.

Additional considerations.

In the event that the counterparty, or a successor counterparty, exercises its option on 8/1/2014:

1. Market conditions may not permit issuance of a tax-exempt variable rate refunding issue, the identified associated hedgeable item.
2. BASEL III is expected to impose minimum capital requirements on providers of letters of credit (LOCs). Banks are not currently required to capitalize LOC commitments. Traditional LOC providers may elect to exit that business line, or raise its fees to cover any imposed cost of capital and maintain its profitability. Initially, the annual LOC fees are expected to increase from the 50 basis point range to a 250-350 basis point range.

The Township is aware of these risks and considerations and is positioned to evaluate other courses of action. Subsequent to December 31, 2012, the Township entered into an agreement to terminate the swaption, see Note 15.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 7 LONG-TERM DEBT

On April 25, 2007, the Township issued \$15,910,000 of General Obligation Bonds, Series of 2007, for the purpose of funding capital projects for the years 2007, 2008 and 2009, capitalizing interest on The Bonds and funding the costs and expenses of issuance. The Bonds are dated April 15, 2007 and have varying maturities from November 1, 2008 to November 1, 2037 with interest rates ranging from 3.5% to 5%, being paid semi-annually, May 1 and November 1.

The General Obligation Bonds, Series of 2004 were issued, for the purpose of funding capital costs related to construction and renovation of the Township municipal building, currently refunding the General Obligation Note, Series of 2003, funding various capital projects, and making loans to the Wayne Art Center and the Radnor Memorial Library.

In 2009 the Township issued \$7,695,000 of General Obligation Bonds, Series 2009. The proceeds of the bonds were used for the current refunding of the Township's General Obligation Bonds, 2002 Series AA and 2004 Series A. The Bonds are dated October 15, 2009 and have varying maturities from November 1, 2010 to November 1, 2026 with interest rates ranging from 1% to 3.7%, being paid semi-annually, May 1 and November 1.

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.

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

	Year of Final Maturity	Original Issue Amount	Balance January 1, 2012	2012 Additions	2012 Reductions	Balance December 31, 2012	Due Within One Year
Governmental activities:							
General Obligation Debt							
2004 Issue - 2.50% - 5.00%	2034	\$ 17,195,000	\$ 14,965,000	\$ -	\$ (380,000)	\$ 14,585,000	\$ 400,000
2007 Issue - 3.50% - 5.00%	2037	15,910,000	15,890,000	-	(15,890,000)	-	-
2009 Issue - 1.00% - 3.70%	2026	7,695,000	6,970,000	-	(505,000)	6,465,000	510,000
2010 Issue - 1.50% - 4.00%	2024	13,735,000	12,200,000	-	(1,565,000)	10,635,000	1,600,000
2012 Issue - 1.50% - 4.00%	2037	16,360,000	-	16,360,000	(5,000)	16,355,000	30,000
Add/less deferred amounts							
For Issuance Discount/Premium			932,509	(311,954)	(49,196)	571,359	-
On Refunding			(173,693)	-	11,710	(161,983)	-
Total General Obligation Debt			50,783,816	16,048,046	(18,382,486)	48,449,376	2,540,000
Compensated Absences			2,752,307	1,407,766	(1,579,830)	2,580,243	907,773
Total Governmental Activities			\$ 53,536,123	\$ 17,455,812	\$ (19,962,316)	\$ 51,029,619	\$ 3,447,773

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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 7 LONG-TERM DEBT (CONTINUED)

At December 31, 2012, the Township’s legal debt limit under the Pennsylvania Local Government Unit Debt Act (the “Act”) was approximately \$127,545,000 for non-electoral debt. After deducting the non-electoral debt outstanding of \$43,055,000, the Township’s remaining borrowing capacity as of December 31, 2012, was approximately \$84,490,000 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.

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 and compensated absences:

	General Obligation		Total
	Principal	Interest	
2013	\$ 2,520,000	\$ 1,854,279	\$ 4,374,279
2014	2,605,000	1,778,404	4,383,404
2015	3,045,000	1,676,154	4,721,154
2016	2,020,000	1,595,126	3,615,126
2017	2,070,000	1,540,782	3,610,782
2018 - 2022	6,965,000	6,986,662	13,951,662
2023 - 2027	7,750,000	5,566,982	13,316,982
2028 - 2032	9,060,000	5,633,813	14,693,813
2033 - 2037	12,385,000	1,596,051	13,981,051
Total	<u>\$ 48,420,000</u>	<u>\$ 28,228,253</u>	<u>\$ 76,648,253</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 governed by the Radnor Township Board of Commissioners which may amend plan provisions, and which is responsible for the management of Plan assets. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained at the Township’s administrative offices.

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description (Continued)

The following table provides information concerning types of covered employees and benefit provisions for each of the Township's Plans, from the January 1, 2011 actuarial valuation:

	<u>Police</u>	<u>Civilian</u>
Covered Employees	All Regular, Full-Time Sworn Police Officers	All Regular Full-Time Employees, Excluding Sworn Police Officers
Number of Covered Active Employees	40	90
Number of Persons Receiving Benefits: Retired Employees and Beneficiaries	45	59
Terminated Employees Vested but not Receiving Benefits	2	10
Current Annual Covered Payroll	\$3,780,268	\$5,568,531
Required Employee Contributions	5% of Eligible Salary, Currently Reduced to 3% of Eligible Salary	5% of Eligible Salary
Normal Retirement Date	After 50th Birthday and 25 Years of Service or after 60th Birthday and 20 Years of Service	After 62nd Birthday and 5 Years of Service
Retirement Benefit	A Monthly Benefit Equal to 50% of the Final Monthly Average Salary Plus a Service Increment of \$100 per month for each completed year of service in excess of 15 years up to a maximum increase of \$500.	A Monthly Benefit 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
Early Retirement Date	Completion of 20 Years of Service	Age 55 and the Completion of 15 Years of Service
Early Retirement Benefit	Accrued Benefit at Date of Termination, Payable at Normal Retirement Date. Benefit may be Elected Immediately but will be Actuarially Reduced for Early Commencement	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
Pre-Retirement Death Benefit	A Monthly Benefit Equal to 100% of the Participant's Retirement Benefits	Before 10 Years of Service, the Beneficiary Receives a Refund of Employee Contributions with Interest. After 10 Years of Service, the Actuarial Equivalent of the Participant's Accrued Benefit Payable for 120 Months Starting when the Participant would have Attained Age 62
Postretirement Death Benefit	The form of benefit payment in force for such participant at the time death occurs	The Form of Benefit Payment in Force for such Participant at the Time of Death Occurs

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

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary of Significant Accounting Policies – Basis of Accounting

The two Plans' financial statements are prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due for both Plans.

Summary of Significant Accounting Policies – Valuation of Investments

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

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 (3% for Police, 5% for civilian). This contribution is governed by the Plans' governing ordinances and collective bargaining. 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.

Annual Pension Cost and Net Pension Obligation (Asset)

The Township's annual pension cost ("APC") and net pension obligation ("NPO") to each of the Township's Public Employees' Retirement System ("PERS") for the current year were as follows:

	Police	Civilian
Annual Required Contribution ("ARC")	\$ 855,232	\$ 1,280,125
Interest on NPO	(26,648)	(819)
Adjustment to the ARC	57,965	3,029
Annual Pension Cost ("APC")	886,549	1,282,335
Contributions Made	1,010,418	1,435,311
Increase in Net Pension Asset	(123,869)	(152,976)
Net Pension Obligation (Asset), Beginning of Year	(333,103)	(10,243)
Net Pension Obligation (Asset), End of Year	\$ (456,972)	\$ (163,219)

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation (Asset) (Continued)

The annual required contribution for each of the Plans for the current year was determined as part of the January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return and (b) projected salary increases of 5.0% per year which includes inflation at 3.0% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. As of January 1, 2011, the Police and Civilian unfunded actuarial accrued liability is being amortized over 13 and 15 years, respectively. The amortization method was level dollar for both plans and the period was closed for both plans.

The Township's APC, percentage of APC contributed, and NPO for each of the Township's PERS for the current year and each of the two preceding years were as follows:

Years Ended December 31,	Police APC	Civilian APC	Police % Contributed	Civilian % Contributed	Police NPO	Civilian NPO
2010	\$ 585,253	\$ 719,236	96%	99.8%	\$ (362,100)	\$ (12,289)
2011	851,298	1,255,006	97%	99.8%	(333,103)	(10,243)
2012	886,549	1,282,335	114%	111.9%	(456,972)	(163,219)

Investments that Represent Five Percent or More of Plan Net Position

At December 31, 2012, the Plan 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 Plan Net Position.

Funded Status and Funding Progress

The following is funded status information as of January 1, 2011, the most recent actuarial valuation date (dollars in thousands):

Year	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded (Overfunded) AAL (2) – (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (4)/(5)
Police	20,232.8	30,370.7	66.60	10,137.9	3,883.1	261.10
Civilian	15,897.2	27,881.7	57.00	11,984.4	5,899.7	203.10

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

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

Retirees eligible for postretirement health care benefits receive the same level of benefits in retirement that they were eligible for as active employees. Plan membership per the January 1, 2010 valuation was 37 police retirees and 59 civilian retirees. As of December 31, 2012, 39 police retirees and 56 civilian retirees are eligible for these postretirement health benefits.

Expenditures for postretirement health care benefits are recognized as claims are paid by the Township in the governmental fund financial statements. In 2012, expenditures of approximately \$1,914,841 were recognized for postretirement health care. No amount was due to the Township nor was any amount reimbursed to the Township by its stop-loss insurance carrier for catastrophic medical expenses for postretirement health care.

The Township also provides life insurance benefits to its retired employees. The amount of life insurance coverage is generally \$25,000 per police retiree and \$35,000 per civilian retiree, but formally dictated by the contract terms in effect at the time of retirement. The premiums are paid entirely by the Township and continue until the retired employee's death or until which time the dividends can be calculated to handle the premium payments. These postretirement life insurance benefits are recognized as expenditures when due in the governmental fund financial statement. At December 31, 2012, 39 police retirees and 56 civilian retirees are eligible for these postretirement life insurance benefits. In 2012, expenditures of approximately \$65,945 were recognized for postretirement life insurance benefits.

Funding Policy

The Township is funding benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Annual Required Contribution ("ARC")	\$	4,588,246
Interest on Net OPEB obligation		568,630
Adjustment to the ARC		(1,028,750)
Annual OPEB Cost (Expense)		4,128,126
Actual Contributions Made		(1,980,786)
Increase in Net OPEB Obligation		2,147,340
Net OPEB Obligation - Beginning of Year		12,889,206
Net OPEB Obligation - End of Year		\$ 15,036,546

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 were as follows:

Years Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 5,120,568	36.21%	\$ 9,513,641
2011	5,067,023	33.38%	12,889,206
2012	4,128,126	47.98%	15,036,546

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$54,491,372. The covered payroll (annual payroll of active employees covered by the plan) was \$9,658,662 and the ratio of the UAAL to the covered payroll was 564 percent.

Annual OPEB Cost and Net OPEB Obligation

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, because the Township maintains no Plan assets, information relative to Plan asset disclosures is not applicable.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

In the actuarial valuation dated January 1, 2012, the Entry Age Normal Actuarial Cost Method was used. Because the Township funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.5% discount rate, which approximates the expected rate of return on non-pension investments held by the Township. Actuarial assumptions also included a declining scale starting with a 7.5% increase for each year from 2010 to 2013, with the rate of increase decreasing by ½% each year thereafter to 5% for 2018 and later, except for Dental premiums. For Dental premiums, the actuarial assumption is a constant 5% increase per year. The UAAL is being amortized as a level dollar amount over thirty years on an open period basis.

NOTE 10 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 2012, these coverages included separate policies for: general liability; public officials liability; police professional liability; vehicular liability; pension fiduciary liability; liquor 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 coverage's 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 dependants of participating municipalities. DVHIT is established under legal authority granted by the Pennsylvania Intergovernmental Cooperation Law. DVHIT is governed by a Board of Trustees comprised of a representative from each member municipality.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 10 RISK MANAGEMENT (CONTINUED)

Employee Health Benefits Plan (Continued)

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, 2012, the township earned a rate stabilization credit of \$439,028 of which the Township has chosen not to utilize at this time and instead carryover to a future year.

NOTE 11 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, 2011, the Township accounted for approximately forty-eight percent of the flows received by the RHM Sewer Authority. During 2012, the Township paid the RHM Sewer Authority \$3,456,973 from the Township’s Sewer Fund.

Summarized financial information for the RHM Sewer Authority as of December 31, 2011 and for the year then ended (the most recently available information) is shown below:

Cash and Investments	\$ 6,741,098
Receivables	499
Plant in Service	598,650
Other Assets	1,079,809
Total Assets	<u>\$ 8,420,056</u>
Liabilities	\$ 3,221,677
Equity	<u>5,198,379</u>
Total Liabilities and Equity	<u>\$ 8,420,056</u>
Total Revenues	<u>\$ 7,099,660</u>
Total Expenses	<u>\$ 6,831,368</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, 2012

NOTE 12 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 13 COMMITMENTS AND CONTINGENCIES

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

RHM Sewer Authority

As described in Note 11, 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, which expires in 2017, 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 in contract renewal negotiations with Philadelphia. Such negotiations are expected to be completed by 2014. DELCORA is expecting significant increases in the service charges it incurs from Philadelphia.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

RHM Sewer Authority (Continued)

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.

Series of 2004 Swaption

As described in Note 6, in 2005 the Township entered into a swaption agreement with Lehman Brothers Special Financing, Inc. ("LBSF") On September 15, 2008, Lehman Brothers filed for bankruptcy, which constituted an Event of Default under the Schedule to the Master Agreement between LBSF and the Township. The Township then had the right to unilaterally terminate the swaption either through Market Quotation or the Loss Method as outlined in the Schedule. However, on September 15, 2009, the Bankruptcy Court ruled that counterparties to swaps with Lehman entities had given up the unilateral right to terminate swaps against Lehman entities after not exercising that right within one year. At the present time, LBSF will not be able to exercise the swaption on the option expiration date of February 11, 2014. However, LBSF does have the right to novate the agreement and assign its role to another bank counterparty that is deemed reasonably acceptable to the Township, or LBSF and the Township may agree to negotiate a termination. The subsequent agreement to terminate is described in Note 15.

Other Contingency

On March 5, 2009, the Board of Commissioners suspended, and on April 13, 2009, terminated the employment of the Township Manager. The suspension and subsequent termination was based on alleged misrepresentations and falsification of financial information to the Board of Commissioners. A forensic audit was undertaken to determine the extent of the misuse of funds. This report identified \$377,762 of misused funds. A significant portion of this amount pertained to the Manager granting monetary bonuses to himself in the amount of \$151,500 as well as undocumented and/or personal use of Township credit card in the amount of \$165,470. In addition to the forensic report, the Township is also seeking reimbursement for more than \$600,000 in lump-sum bonuses the Manager paid out to various Township employees without Board approval.

As a result of the above allegations, the Township has filed a claim under its various policies of commercial crime and liability policies to recoup any financial losses incurred. The former Township Manager has since filed a lawsuit against the Township for invasion of privacy. At this time, however, no estimate can be made as to the time or the amount, if any of ultimate recovery.

NOTE 14 NEW ACCOUNTING STANDARDS

The Township adopted GASB Statement No. 63, *Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources, and Net Position* as of December 31, 2012, which changed the Statement of Net Assets to the Statement of Net Position and provides guidance for reporting deferred outflows and inflows of resources. The adoption of this standard did not have any financial impact on the financial statements.

TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 14 NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* will be effective for Township for the year ended December 31, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as revenues and expenses. The adoption of this statement will require that debt issuance costs be recognized as an expenses in the period incurred.

NOTE 15 SUBSEQUENT EVENT – TERMINATION OF HEDGE DERIVATIVE INSTRUMENT

In February 2013, the Township engaged a third party specialist, Phoenix Advisors, to analyze the short and long term financial implications being imposed by the outstanding Swap Agreement. After a comprehensive review of the facts and options, the Township elected to proceed with terminating the Swap Agreement in full and proceed with advance refunding the General Obligation Bonds, Series 2004. To that end, on April 8, 2013, the Board of Commissioners adopted Resolution 2013-42 accepting the Swap Termination Fee and authorizing the Township Manager to execute a Swap Termination Agreement with Lehman Brothers Holdings. Subsequently, on May 13, 2013, the Board of Commissioners adopted Ordinance 2013-06 authorizing the Township to issue \$18,210,000 in General Obligation Notes, Series 2013 which provides the necessary funding to satisfy the Swap Termination Fee as well as provide net present value savings by advance refunding the General Obligation Bonds, Series 2004.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS – POLICE AND CIVILIAN PENSION PLANS
(DOLLARS IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)
				Unfunded (Overfunded)		Unfunded (Overfunded)
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Actuarial Accrued Liability (2) – (1)	Annual Covered Payroll	Accrued as a of Covered (4)/(5)
Police PERS:						
January 1, 2007	\$ 21,420.3	\$ 22,743.6	94.18	\$ 1,323.3	\$ 3,649.1	36.26
2009	21,465.9	25,188.3	85.22	3,722.4	4,063.2	91.61
2011	20,232.8	30,370.7	66.60	10,137.9	3,883.1	261.10
Civilian PERS:						
January 1, 2007	\$ 16,096.1	\$ 19,523.5	82.40	\$ 3,427.4	\$ 6,747.7	50.80
2009	16,702.3	25,298.7	66.02	8,596.4	6,399.7	134.33
2011	15,897.2	27,881.7	57.00	11,984.4	5,899.8	203.10

**TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS – POLICE AND
CIVILIAN PENSION PLANS
SIX YEARS ENDED DECEMBER 31, 2012**

Year Ended December 31,	Police Annual Required Contribution	Civilian Annual Required Contribution	Police Percentage Contributed	Civilian Percentage Contributed
2007	\$ 624,992	\$ 985,000	100.00%	100.00%
2008	522,000	840,000	100.00%	100.00%
2009	534,000	881,500	100.00%	100.00%
2010	558,404	717,342	100.00%	100.00%
2011	822,301	1,252,960	100.00%	100.00%
2012	855,232	1,280,125	118.00%	112.00%

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
POLICE AND CIVILIAN PENSION PLANS**

The information presented in the required supplementary information was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation for each plan follows:

	Police	Civilian
Valuation Date	1/1/2011	1/1/2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	13 years	15 years
Asset Valuation Method	4-year smoothing	4-year smoothing
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases *	5.00%	5.00%

* Includes Inflation at 3.0%

**TOWNSHIP OF RADNOR, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS –
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 YEAR ENDED DECEMBER 31, 2012**

Schedule of Funding Progress (Dollars in Thousands):

	(1)	(2)	(3)	(4)	(5)	(6)
				Unfunded (Overfunded)		Unfunded (Overfunded)
Actuarial Valuation Date January 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Actuarial Accrued Liability (2) – (1)	Annual Covered Payroll	Accrued Liability as a Percentage of Covered (4)/(5)
2008	\$ -	\$ 45,807	0%	\$ 45,807	\$ 10,842	422%
2010	-	54,491	0%	\$ 54,491	9,658	564%
2012	-	52,143	0%	\$ 52,143	9,783	533%

Schedule of Employer Contributions:

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	\$ 5,222,966	35.50%
2011	5,222,966	37.23%
2012	4,588,246	43.17%

Actuarial Methods and Assumptions:

Amortization Method	Level dollar, open
Remaining Amortization Period	30
Actuarial Assumptions:	
Investment	4.5%

TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues				
Real Estate Taxes	\$ 11,657,762	\$ 11,657,762	\$ 11,687,363	\$ 29,601
Taxes Levied Under Local Tax Enabling Act	9,747,752	9,812,122	11,120,115	1,307,993
Licenses and Permits	2,064,506	2,167,346	2,812,427	645,081
Fines, Forfeits and Costs	692,062	692,062	617,297	(74,765)
Interest and Rents	150,049	150,000	187,112	37,112
Grants and Gifts	1,302,441	1,302,441	1,366,151	63,710
Departmental Earnings	1,651,720	1,667,320	1,651,419	(15,901)
Refunds and Miscellaneous	180,000	185,560	320,938	135,378
Total Revenues	27,446,292	27,634,613	29,762,822	2,128,209
Expenditures				
Current:				
General Government	2,326,277	2,319,852	2,279,716	40,136
Protection to Persons and Property	9,158,575	9,218,255	9,265,977	(47,722)
Public Works	6,585,584	6,835,030	6,754,507	80,523
Library	840,650	840,650	818,443	22,207
Parks and Recreation	2,633,014	2,737,174	2,387,673	349,501
Other - Nondepartmental (Employee Benefits, Insurance, Contributions and Miscellaneous)	2,417,099	2,618,457	2,597,373	21,084
Total Expenditures	23,961,199	24,569,418	24,103,689	465,729
Excess of Revenues Over (Under) Expenditures	3,485,093	3,065,195	5,659,133	2,593,938
Other Financing Sources (Uses)				
Operating Transfers out	(3,372,289)	(6,413,632)	(4,551,402)	1,862,230
Total Other Financing Sources	(3,372,289)	(6,413,632)	(4,551,402)	1,862,230
Net Change in Fund Balance	112,804	(3,348,437)	1,107,731	4,456,168
Fund Balance, Beginning of Year (Budgetary Basis)	3,249,111	4,647,669	6,988,851	2,341,182
Fund Balance, End of Year (Budgetary Basis)	\$ 3,361,915	\$ 1,299,232	\$ 8,096,582	\$ 6,797,350

TOWNSHIP OF RADNOR, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – SEWER FUND
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 3,000	\$ 19,000	\$ 13,829	\$ (5,171)
Departmental Earnings	5,513,464	5,028,464	5,074,753	46,289
Refunds and Miscellaneous	10,000	10,000	19,472	9,472
Total Revenues	5,526,464	5,057,464	5,108,054	50,590
Expenditures				
Current:				
Health and Sanitation	5,126,260	4,669,507	4,547,207	122,300
Total Expenditures	5,126,260	4,669,507	4,547,207	122,300
Excess of Revenues Over (Under) Expenditures	400,204	387,957	560,847	172,890
Other Financing Uses				
Operating Transfers out	(390,664)	(390,664)	(390,664)	-
Total Other Financing Uses	(390,664)	(390,664)	(390,664)	-
Net Change in Fund Balance	9,540	(2,707)	170,183	172,890
Fund Balance, Beginning of Year (Budgetary Basis)	2,288,628	2,288,628	2,288,628	-
Fund Balance, End of Year (Budgetary Basis)	\$ 2,298,168	\$ 2,285,921	\$ 2,458,811	\$ 172,890

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2012**

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

**ADDITIONAL
SUPPLEMENTARY
INFORMATION**

**TOWNSHIP OF RADNOR, PENNSYLVANIA
GENERAL FUND
DECEMBER 31, 2012**

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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Real Estate Taxes	\$ 11,657,762	\$ 11,657,762	\$ 11,687,363	\$ 29,601
Taxes Levied under Local Tax Enabling Act:				
Real Estate Transfer	1,642,104	1,642,104	1,860,107	218,003
Mercantile	1,301,398	1,301,398	1,248,509	(52,889)
Business Privilege	5,915,074	5,979,444	7,262,512	1,283,068
Emergency and Municipal Services	852,176	852,176	702,954	(149,222)
Amusement	37,000	37,000	46,033	9,033
Total Taxes Levied Under Local Tax Enabling Act	<u>9,747,752</u>	<u>9,812,122</u>	<u>11,120,115</u>	<u>1,307,993</u>
Licenses and Permits:				
Beverage	9,000	9,000	12,800	3,800
Building, Electrical and Plumbing	921,450	921,450	1,466,910	545,460
Public Works and Engineering	244,000	304,000	406,874	102,874
Rental Housing	160,000	160,000	160,781	781
Health and Fire Prevention	65,600	65,600	73,283	7,683
Subdivision, Design and Zoning	20,000	20,000	30,600	10,600
Cable TV Franchise	591,456	634,296	594,860	(39,436)
Certificate of Occupancy	50,000	50,000	61,269	11,269
Sewage Enforcement	3,000	3,000	5,050	2,050
Total Licenses and Permits	<u>2,064,506</u>	<u>2,167,346</u>	<u>2,812,427</u>	<u>645,081</u>
Fines and Forfeits:				
Fines Levied by Police	438,312	438,312	411,226	(27,086)
Fines Levied by District Justice	253,750	253,750	206,071	(47,679)
Total Fines and Forfeits	<u>692,062</u>	<u>692,062</u>	<u>617,297</u>	<u>(74,765)</u>
Interest and Rents:				
Interest Earned on Investments	50,000	50,000	64,834	14,834
Other	100,049	100,000	122,278	22,278
Total Interest and Rents	<u>150,049</u>	<u>150,000</u>	<u>187,112</u>	<u>37,112</u>
Revenues - Forward	<u>24,312,131</u>	<u>24,479,292</u>	<u>26,424,314</u>	<u>1,945,022</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues - Forward	\$ 24,312,131	\$ 24,479,292	\$ 26,424,314	\$ 1,945,022
Grants and Gifts - Other Federal and State	1,302,441	1,302,441	1,366,151	63,710
Departmental Earnings:				
Parking Meter Fees	377,600	393,200	434,975	41,775
Police Extra Duty and Alarm Fees	466,000	466,000	530,505	64,505
Recreational Program Fees	615,000	615,000	462,119	(152,881)
RECT Fees	-	-	47,089	47,089
Other	193,120	193,120	176,731	(16,389)
Total Departmental Earnings	<u>1,651,720</u>	<u>1,667,320</u>	<u>1,651,419</u>	<u>(15,901)</u>
Refunds and Miscellaneous:				
Sale of Recycled Materials	90,000	90,000	24,989	(65,011)
Other	90,000	95,560	295,949	200,389
Total Refunds and Miscellaneous	<u>180,000</u>	<u>185,560</u>	<u>320,938</u>	<u>135,378</u>
Total Revenues	<u>27,446,292</u>	<u>27,634,613</u>	<u>29,762,822</u>	<u>2,128,209</u>
Other Financing Sources:				
Operating Transfers in	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$ 27,446,292</u>	<u>\$ 27,634,613</u>	<u>\$ 29,762,822</u>	<u>\$ 2,128,209</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
General Government:				
Administration	\$ 880,712	\$ 892,407	\$ 932,373	\$ (39,966)
Finance	1,111,413	1,091,747	1,059,515	32,232
Tax Collection	52,996	52,996	41,113	11,883
Information Technology	281,156	282,702	246,715	35,987
Total General Government	2,326,277	2,319,852	2,279,716	40,136
Protection to Persons and Property:				
Community Development	835,587	843,526	826,812	16,714
Police Protection	7,384,158	7,429,799	7,398,091	31,708
Fire Protection	938,830	944,930	906,176	38,754
Emergency Management	-	-	134,898	(134,898)
Total Protection to Persons and Property	9,158,575	9,218,255	9,265,977	(47,722)
Public Works:				
Solid Waste Collection	2,738,184	2,784,814	2,692,256	92,558
Engineering	403,213	403,717	614,147	(210,430)
Streets and Highways:				
General Services	2,054,151	2,239,530	2,095,780	143,750
Street Cleaning	13,000	13,000	2,990	10,010
Snow and Ice Removal	125,593	99,623	64,967	34,656
Traffic Signals and Signs	77,500	89,546	160,158	(70,612)
Street Lighting	230,850	230,850	264,567	(33,717)
Curbs and Sidewalks	7,200	7,200	3,083	4,117
Leaf Collection	-	-	5,900	(5,900)
Storm Sewers, Drainage	6,500	6,500	6,136	364
Repairs, Tools and Machinery	355,375	357,386	355,876	1,510
Road Maintenance and Repairs	22,000	22,030	10,514	11,516
Township Buildings	552,018	580,834	478,133	102,701
Total Public Works	6,585,584	6,835,030	6,754,507	80,523
Library	840,650	840,650	818,443	22,207
Expenditures - forward	18,911,086	19,213,787	19,118,643	95,144

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures - Forward	\$ 18,911,086	\$ 19,213,787	\$ 19,118,643	\$ 95,144
Parks and Recreation:				
Administration	369,953	370,053	353,964	16,089
Parks Maintenance	1,712,743	1,734,288	1,636,673	97,615
Shade Trees	65,000	92,100	37,115	54,985
Recreation Programs	385,318	436,990	321,392	115,598
Sulpizio Gym	100,000	103,743	38,529	65,214
Total Parks and Recreation	2,633,014	2,737,174	2,387,673	349,501
Other - Nondepartmental:				
Contributions to Agencies	238,975	238,975	239,945	(970)
Pension Plan Contributions	-	310,372	310,372	-
Workers' Compensation, Liability and Unemployment Insurance	332,602	332,602	346,368	(13,766)
Group Life and Disability Insurance	104,342	104,342	65,945	38,397
Employee Health Benefits and Prescription Drug Claims	1,727,166	1,627,166	1,624,647	2,519
Other	14,014	5,000	10,096	(5,096)
Total Other - Nondepartmental	2,417,099	2,618,457	2,597,373	21,084
Total Expenditures	23,961,199	24,569,418	24,103,689	465,729
Other Financing Uses:				
Operating Transfers Out	3,372,289	6,413,632	4,551,402	1,862,230
Total Other Financing Uses	3,372,289	6,413,632	4,551,402	1,862,230
Total Expenditures and Other Financing Uses	\$ 27,333,488	\$ 30,983,050	\$ 28,655,091	\$ 2,327,959

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Debt Repayment Agreements	\$ 180,524	\$ 180,524	\$ 95,933	\$ (84,591)
Total Revenues	180,524	180,524	95,933	(84,591)
Expenditures				
Debt Service:				
Principal Retirement	1,984,101	1,984,101	2,455,000	(470,899)
Interest	2,455,000	2,455,000	1,943,226	511,774
Bond Issue Costs	-	-	149,726	(149,726)
Payment to Redeem Bonds	-	-	15,890,000	(15,890,000)
Total Expenditures	4,439,101	4,439,101	20,437,952	(15,998,851)
Excess of Revenues Over (Under) Expenditures	(4,258,577)	(4,258,577)	(20,342,019)	(16,083,442)
Other Financing Sources				
Proceeds of Refunding Bonds	-	-	16,048,046	16,048,046
Operating Transfers in	4,258,577	4,258,577	5,796,953	1,538,376
Total Other Financing Sources	4,258,577	4,258,577	21,844,999	17,586,422
Net Change in Fund Balance	-	-	1,502,980	1,502,980
Fund Balance, Beginning of Year (Budgetary Basis)	153,778	153,778	153,778	-
Fund Balance, End of Year (Budgetary Basis)	\$ 153,778	\$ 153,778	\$ 1,656,758	\$ 1,502,980

TOWNSHIP OF RADNOR, PENNSYLVANIA
MAJOR CAPITAL PROJECT FUNDS WITH LEGALLY ADOPTED BUDGET
YEAR ENDED DECEMBER 31, 2012

Capital projects fund is 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 Fund are derived primarily from 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2012

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Interest and Rents	\$ 1,260	\$ 260	\$ 9,275	\$ 9,015
Grants and Gifts	-	12,385	12,385	-
Refunds and Miscellaneous	100,000	100,000	141,082	41,082
Total Revenues	101,260	112,645	162,742	50,097
Expenditures				
Current:				
Capital Outlay	262,340	2,145,470	1,129,643	1,015,827
Total Expenditures	262,340	2,145,470	1,129,643	1,015,827
Excess of Revenues over (under) Expenditures	(161,080)	(2,032,825)	(966,901)	1,065,924
Other Financing Sources (uses)				
Operating Transfers in	250,000	1,181,112	1,181,112	-
Operating Transfers out	-	-	(1,538,376)	(1,538,376)
Total Other Financing Sources (uses)	250,000	1,181,112	(357,264)	(1,538,376)
Net Change in Fund Balance	88,920	(851,713)	(1,324,165)	(472,452)
Fund Balance, Beginning of Year (Budgetary Basis)	3,097,169	3,097,169	3,097,169	-
Fund Balance, End of Year (Budgetary Basis)	<u>\$ 3,186,089</u>	<u>\$ 2,245,456</u>	<u>\$ 1,773,004</u>	<u>\$ (472,452)</u>

**TOWNSHIP OF RADNOR, PENNSYLVANIA
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

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.

- Park Improvements and Open Space Fund derives revenues from the realty transfer tax to fund park development and future land acquisitions for parks and open space.
- The State Liquid Fuels Tax Fund, as required by state law, accounts for receipts from State Motor License Fund (gasoline tax distribution, etc.) and the transfer of funds to the General Fund to cover allowable highway-related expenditures.
- The Storm Water Management Fund accounts for the costs associated with operating, repairing, maintaining, improving and/or replacing Township owned storm water management systems and infrastructure, including the accounting for the Storm Water Quality Utility Program. The fund was established to account for the Township's Storm Water Management program, increasing the accountability, reporting capability, transparency and proper segregation of resources, specifically dedicated to Storm Water Management.

Capital Project Funds

Account for financial resources intended to be used for the acquisition, construction or reconstruction of Township assets and facilities.

- 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 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.

TOWNSHIP OF RADNOR, PENNSYLVANIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Park Improvements and Open Space	State Liquid Fuels Tax	Special Assessment	Storm Water	Total Nonmajor Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 455,954	\$ 687,146	\$ 91,860	\$ 248,027	\$ 1,482,987
Investments	398,447	-	-	-	398,447
Receivables, Net:					
Special Assessments	-	-	473,247	-	473,247
Other	50,488	-	780	-	51,268
Total Assets	\$ 904,889	\$ 687,146	\$ 565,887	\$ 248,027	\$ 2,405,949
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ -	\$ 6,201	\$ -	\$ 63,392	\$ 69,593
Unearned Revenues	-	-	473,247	-	473,247
Total Liabilities	-	6,201	473,247	63,392	542,840
Fund Balances					
Restricted	904,889	680,945	-	-	1,585,834
Unassigned					
Other	-	-	92,640	184,635	277,275
Total Fund Balances	904,889	680,945	92,640	184,635	1,863,109
Total Liabilities and Fund Balances	\$ 904,889	\$ 687,146	\$ 565,887	\$ 248,027	\$ 2,405,949

TOWNSHIP OF RADNOR, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	Park Improvements and Open Space	State Liquid Fuels Tax	Special Assessment	Storm Water	Total Nonmajor Governmental Funds
Revenues					
Taxes Levied Under Local Tax Enabling Act:					
Realty Transfer Tax	\$ 620,036	\$ -	\$ -	\$ -	\$ 620,036
Interest and Rents	499	493	14,148	26	15,166
Departmental Earnings	-	-	69,815	-	69,815
Grants and Gifts	-	597,296	-	-	597,296
Total Revenues	620,535	597,789	83,963	26	1,302,313
Expenditures					
Highways	-	6,201	-	-	6,201
Storm Water	-	-	-	63,391	63,391
Total Expenditures	-	6,201	-	63,391	69,592
Excess of Revenues over Expenditures	620,535	591,588	83,963	(63,365)	1,232,721
Other Financing Uses					
Operating transfers in	-	-	-	248,000	248,000
Operating transfers out	(711,092)	-	(52,808)	-	(763,900)
Total Other Financing (uses)	(711,092)	-	(52,808)	248,000	(515,900)
Net Change in Fund Balance	(90,557)	591,588	31,155	184,635	716,821
Fund Balance, Beginning of Year	995,446	89,357	61,485	-	1,146,288
Fund Balance, End of Year	<u>\$ 904,889</u>	<u>\$ 680,945</u>	<u>\$ 92,640</u>	<u>\$ 184,635</u>	<u>\$ 1,863,109</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – NONMAJOR GOVERNEMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	Park Improvements and Open Space Fund			State Liquid Fuels Tax			Special Assessments Fund			Storm Water Fund		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues												
Taxes Levied Under Local Tax Enabling Act:												
Realty Transfer Tax	\$ 547,368	\$ 620,036	\$ 72,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	750	499	(251)	150	493	343	16,674	14,148	(2,526)	-	26	26
Departmental Earnings	-	-	-	-	-	-	36,134	69,815	33,681	-	-	-
Grants and Gifts	-	-	-	631,781	597,296	(34,485)	-	-	-	-	-	-
Total Revenues	548,118	620,535	72,417	631,931	597,789	(34,142)	52,808	83,963	31,155	-	26	26
Expenditures												
Highways	-	-	-	631,931	6,201	625,730	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	63,391	(63,391)
Total Expenditures	-	-	-	631,931	6,201	625,730	-	-	-	-	63,391	(63,391)
Excess of Revenues over Expenditures	548,118	620,535	72,417	-	591,588	591,588	52,808	83,963	31,155	-	(63,365)	(63,365)
Other Financing Uses												
Operating transfers in	-	-	-	-	-	-	-	-	-	248,000	248,000	-
Operating transfers out	(711,091)	(711,092)	1	-	-	-	(52,808)	(52,808)	-	-	-	-
Total Other Financing (uses)	(711,091)	(711,092)	1	-	-	-	(52,808)	(52,808)	-	248,000	248,000	-
Net Change in Fund Balance	(162,973)	(90,557)	72,418	-	591,588	591,588	-	31,155	31,155	248,000	184,635	(63,365)
Fund Balance, Beginning of Year	995,446	995,446	-	89,357	89,357	-	61,485	61,485	-	-	-	-
Fund Balance, End of Year	<u>\$ 832,473</u>	<u>\$ 904,889</u>	<u>\$ 72,418</u>	<u>\$ 89,357</u>	<u>\$ 680,945</u>	<u>\$ 591,588</u>	<u>\$ 61,485</u>	<u>\$ 92,640</u>	<u>\$ 31,155</u>	<u>\$248,000</u>	<u>\$184,635</u>	<u>\$ (63,365)</u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2012

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.
- 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 two such funds. These funds are 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, 2012**

	Police Pension Trust Fund	Civilian Employees Pension Trust Fund	Total Pension Trust Funds
Assets			
Cash and Cash Equivalents	\$ 882,151	\$ 1,476,289	\$ 2,358,440
Investments	19,590,778	15,773,479	35,364,257
Receivables	37,750	3,219	40,969
Total Assets	20,510,679	17,252,987	37,763,666
Liabilities			
Accounts Payable	3,886	2,858	6,744
Refunds Payable	-	9,547	9,547
Total Liabilities	3,886	12,405	16,291
Net Position			
Net Position Held in Trust for Pension Benefits	\$ 20,506,793	\$ 17,240,582	\$ 37,747,375

TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2012

	Police Pension Trust Fund	Civilian Employees Pension Trust Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Commonwealth of Pennsylvania	\$ 293,241	\$ 300,393	\$ 593,634
Employer	717,177	1,134,918	1,852,095
Members	110,418	281,351	391,769
Total Contributions	1,120,836	1,716,662	2,837,498
Investment Earnings (losses):			
Investment Gain (loss)	2,193,912	1,644,224	3,838,136
Investment Expense	(53,673)	(41,354)	(95,027)
Net Investment Earnings (losses)	2,140,239	1,602,870	3,743,109
Other Additions:			
Litigation and Other	1,228	4,813	6,041
Total Other Additions	1,228	4,813	6,041
Total Additions	3,262,303	3,324,345	6,586,648
Deductions:			
Benefit Payments	1,927,194	1,545,682	3,472,876
Refund of Contributions	16,629	109,695	126,324
Administrative Expenses	15,643	16,977	32,620
Lump Sum Payments	-	63,823	63,823
Killed-in-service Insurance Premium	8,200	-	8,200
Total Deductions	1,967,666	1,736,177	3,703,843
Change in Plan Net Position	1,294,637	1,588,168	2,882,805
Net Position Held in Trust for Pension Benefits:			
Beginning of Year	19,212,156	15,652,414	34,864,570
End of Year	\$ 20,506,793	\$ 17,240,582	\$ 37,747,375

**TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES –
AGENCY FUND
DECEMBER 31, 2012**

	<u>Escrow Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$ 1,103,459</u>
Total Assets	<u><u>\$ 1,103,459</u></u>
Liabilities	
Deposits Payable	<u>\$ 1,103,459</u>
Total Liabilities	<u><u>\$ 1,103,459</u></u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
AGENCY FUND
DECEMBER 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
Escrow Fund				
Assets				
Cash and Cash Equivalents	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459
Liabilities				
Deposits Payable	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459
Total Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459
Total Assets	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459
Liabilities				
Deposits Payable	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459
Total Liabilities	\$ 1,080,297	\$ 1,033,733	\$ 1,010,571	\$ 1,103,459

TOWNSHIP OF RADNOR, PENNSYLVANIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
DECEMBER 31, 2012

Governmental Funds Capital Assets	
Land	\$ 12,303,066
Land Improvements	2,474,568
Buildings	22,938,972
Infrastructure	15,886,203
Machinery and Equipment	13,772,867
Construction in Progress	<u>170,863</u>
 Total Governmental Funds Capital Assets	 67,546,539
 Less: Accumulated Depreciation	 <u>(24,177,834)</u>
 Net Governmental Funds Capital Assets	 <u><u>\$ 43,368,705</u></u>

Investment in Governmental Funds Capital Assets by Source	
General Fund	\$ 196,884
Special Revenue Funds	16,247,328
Capital Projects Funds	48,863,858
Donations	<u>2,238,469</u>
 Total Governmental Funds Capital Assets	 67,546,539
 Less: Accumulated Depreciation	 <u>(24,177,834)</u>
 Net Governmental Funds Capital Assets	 <u><u>\$ 43,368,705</u></u>

TOWNSHIP OF RADNOR, PENNSYLVANIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2012

Function and Activity	Land	Land Improvements	Buildings	Infrastructure	Machinery and Equipment	Total
General Government	\$ -	\$ -	\$ 15,937,220	\$ 19,476	\$ 1,455,331	\$ 17,412,027
Protection to Persons and Property	-	-	-	-	4,118,564	4,118,564
Health and Sanitation	-	-	-	-	1,757,280	1,757,280
Highways	-	-	4,746,352	15,866,727	5,465,156	26,078,235
Library	-	-	1,195,247	-	-	1,195,247
Parks and Recreation	12,303,066	2,474,568	1,060,153	-	976,536	16,814,323
Total Governmental Funds Capital Assets	12,303,066	2,474,568	22,938,972	15,886,203	13,772,867	67,375,676
Less: Accumulated Depreciation	-	(1,467,503)	(4,936,162)	(7,429,530)	(10,344,639)	(24,177,834)
Total	\$ 12,303,066	\$ 1,007,065	\$ 18,002,810	\$ 8,456,673	\$ 3,428,228	43,197,842
Construction in Progress						<u>170,863</u>
Net Governmental Funds Capital Assets						<u><u>\$ 43,368,705</u></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, 2012

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012
Function and Activity				
General Government	\$ 17,349,783	\$ 62,244	\$ -	\$ 17,412,027
Protection to Persons and Property	3,959,045	159,519	-	4,118,564
Health and Sanitation	1,734,705	22,575	-	1,757,280
Highways	25,358,057	720,178	-	26,078,235
Library	1,195,247	-	-	1,195,247
Parks and Recreation	16,709,685	104,638	-	16,814,323
Total Governmental Funds Capital Assets	66,306,522	1,069,154	-	67,375,676
Construction in Progress	99,594	79,727	(8,458)	170,863
Less: Accumulated Depreciation	(22,351,846)	(1,825,988)	-	(24,177,834)
Net Governmental Funds Capital Assets	\$ 44,054,270	\$ (677,107)	\$ (8,458)	\$ 43,368,705

**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)

	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government activities										
Net Investment in Capital Assets	\$ 2,024,255	\$ 1,751,158	\$ 533,735	\$ 190,764	\$ 474,838	\$ 843,265	\$ 1,695,503	\$ 3,350,750	\$ 3,738,196	\$ 5,047,878
Restricted	-	-	-	-	-	-	-	-	5,636,058	6,723,380
Unrestricted (deficiency)	<u>(2,521,290)</u>	<u>(5,034,329)</u>	<u>(6,841,845)</u>	<u>(3,806,707)</u>	<u>(1,904,628)</u>	<u>(4,439,017)</u>	<u>(9,987,170)</u>	<u>(13,968,543)</u>	<u>(18,143,325)</u>	<u>(18,232,322)</u>
Total Net Position, governmental activities	\$ (497,035)	\$ (3,283,171)	\$ (6,308,110)	\$ (3,615,943)	\$ (1,429,790)	\$ (3,595,752)	\$ (8,291,667)	\$ (10,617,793)	\$ (8,769,071)	\$ (6,461,064)
Business-type activities										
Net Investment in Capital Assets	\$ 81,485	\$ 67,500	\$ 60,000	\$ 52,500	\$ 45,000	\$ 37,500	\$ 30,000	\$ 22,500	\$ 92,609	\$ 98,764
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficiency)	<u>80,738</u>	<u>81,666</u>	<u>63,400</u>	<u>17,350</u>	<u>(38,655)</u>	<u>(79,103)</u>	<u>29,640</u>	<u>11,222</u>	<u>65,447</u>	<u>68,963</u>
Total Net Position, business-type activities	\$ 162,223	\$ 149,166	\$ 123,400	\$ 69,850	\$ 6,345	\$ (41,603)	\$ 59,640	\$ 33,722	\$ 158,056	\$ 167,727
Primary government										
Net Investment in Capital Assets	\$ 2,105,740	\$ 1,818,658	\$ 593,735	\$ 243,264	\$ 519,838	\$ 880,765	\$ 1,725,503	\$ 3,373,250	\$ 3,830,805	\$ 5,146,642
Restricted	-	-	-	-	-	-	-	-	5,636,058	6,723,380
Unrestricted (deficiency)	<u>(2,440,552)</u>	<u>(4,952,663)</u>	<u>(6,778,445)</u>	<u>(3,789,357)</u>	<u>(1,943,283)</u>	<u>(4,518,120)</u>	<u>(9,957,530)</u>	<u>(13,957,321)</u>	<u>(18,077,878)</u>	<u>(18,163,359)</u>
Total Net Position, primary government	\$ (334,812)	\$ (3,134,005)	\$ (6,184,710)	\$ (3,546,093)	\$ (1,423,445)	\$ (3,637,355)	\$ (8,232,027)	\$ (10,584,071)	\$ (8,611,015)	\$ (6,293,337)

Note:

- As of the financial statement date December 31, 2012, the following titles 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)

	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Government activities										
General government	\$ 3,213,852	\$ 3,518,833	\$ 3,456,846	\$ 3,973,442	\$ 3,678,615	\$ 4,412,462	\$ 4,010,008	\$ 3,884,263	\$ 4,267,630	\$ 4,110,480
Protection to persons and property	7,925,765	8,727,105	8,768,106	8,880,924	8,606,018	11,010,789	10,837,731	11,148,431	10,697,442	11,313,565
Health and sanitation	6,300,558	6,500,234	7,219,367	6,859,706	7,889,805	8,243,298	8,280,877	7,744,284	7,703,327	8,188,645
Highways	4,436,002	4,098,122	4,667,464	4,555,055	5,215,465	5,019,350	4,517,841	4,639,667	4,700,904	4,819,026
Library	622,073	729,098	797,896	797,503	823,625	847,382	847,382	815,650	733,821	818,443
Parks and recreation	2,723,614	2,563,244	2,659,706	2,729,555	2,650,243	3,575,198	3,093,348	3,275,958	3,067,398	3,046,785
Interest on long-term debt	1,368,576	1,810,950	2,001,013	2,056,433	2,459,128	2,544,461	2,415,864	2,341,738	2,046,102	1,968,757
Total governmental activities net assets	\$ 26,590,440	\$ 27,947,586	\$ 29,570,398	\$ 29,852,618	\$ 31,322,899	\$ 35,652,940	\$ 34,003,051	\$ 33,849,991	\$ 33,216,624	\$ 34,265,701
Business-type activities										
The Willows	123,502	122,071	114,093	125,379	131,345	114,246	91,835	248,307	94,912	82,902
Total business-type activities net assets	\$ 123,502	\$ 122,071	\$ 114,093	\$ 125,379	\$ 131,345	\$ 114,246	\$ 91,835	\$ 248,307	\$ 94,912	\$ 82,902
Total primary government expenses	\$ 26,713,942	\$ 28,069,657	\$ 29,684,491	\$ 29,977,997	\$ 31,454,244	\$ 35,767,186	\$ 34,094,886	\$ 34,098,298	\$ 33,311,536	\$ 34,348,603
Program revenues										
Government activities										
Charges for services:										
General government	\$ 417,213	\$ 362,084	\$ 314,746	\$ 420,699	\$ 464,676	\$ 567,017	\$ 589,028	\$ 1,381,391	\$ 875,742	\$ 1,080,385
Protection to persons and property	2,303,806	2,466,907	2,704,124	3,313,322	3,965,711	3,276,796	2,032,627	2,581,873	3,117,019	3,697,080
Health and sanitation	2,713,867	3,247,497	3,869,756	4,324,444	4,476,779	5,142,404	5,524,916	4,495,789	5,023,688	5,144,615
Highways	78,711	170,123	162,031	211,283	222,087	125,792	79,468	59,196	87,765	95,777
Parks and recreation	331,728	447,562	485,697	499,880	532,376	581,365	722,357	699,190	702,057	684,126
Operating grants and contributions	1,585,838	1,520,236	1,783,289	1,526,332	1,676,438	1,721,290	1,593,526	1,842,782	3,413,688	1,937,762
Capital grants and contributions	546,484	1,030,135	36,391	384,831	426,670	367,312	89,563	263,001	169,571	210,897
Total governmental activities program revenues	\$ 7,977,647	\$ 9,244,544	\$ 9,356,034	\$ 10,680,791	\$ 11,764,737	\$ 11,781,976	\$ 10,631,485	\$ 11,323,222	\$ 13,389,530	\$ 12,850,642
Business-type activities										
The Willows	142,720	146,388	150,165	125,507	114,576	113,137	103,002	107,036	100,823	74,230
Capital grants and contributions	-	-	-	-	-	-	-	122,022	111,577	-
Total business-type activities program revenues	\$ 142,720	\$ 146,388	\$ 150,165	\$ 125,507	\$ 114,576	\$ 113,137	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230
Total primary government program revenues	\$ 8,120,367	\$ 9,390,932	\$ 9,506,199	\$ 10,806,298	\$ 11,879,313	\$ 11,895,113	\$ 10,734,487	\$ 11,552,280	\$ 13,601,930	\$ 12,924,872

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)

	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Government activities	\$ (18,612,793)	\$ (18,703,042)	\$ (20,214,364)	\$ (19,171,827)	\$ (19,558,162)	\$ (23,870,964)	\$ (23,371,566)	\$ (22,526,769)	\$ (19,827,094)	\$ (21,415,059)
Business-type activities	19,218	24,317	36,072	128	(16,769)	(1,109)	11,167	(19,249)	117,488	(8,672)
Total primary government net expense	<u>\$ (18,593,575)</u>	<u>\$ (18,678,725)</u>	<u>\$ (20,178,292)</u>	<u>\$ (19,171,699)</u>	<u>\$ (19,574,931)</u>	<u>\$ (23,872,073)</u>	<u>\$ (23,360,399)</u>	<u>\$ (22,546,018)</u>	<u>\$ (19,709,606)</u>	<u>\$ (21,423,731)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Real estate taxes	\$ 7,027,969	\$ 7,667,939	\$ 8,398,171	\$ 9,125,486	\$ 9,194,781	\$ 9,387,945	\$ 9,559,632	\$ 10,428,058	\$ 10,915,977	\$ 11,734,189
Taxes levied under Local Tax Enabling Act	6,812,061	7,724,671	8,882,579	11,609,166	11,183,631	11,597,425	8,869,630	10,484,186	10,107,822	11,808,104
Investment earnings	452,545	485,854	735,636	1,072,634	1,318,835	672,546	289,683	(198,428)	658,671	103,117
Special item - loss on demolition of building	-	-	(892,217)	-	-	-	-	-	-	-
Debt repayment agreements	-	-	-	-	-	-	-	-	-	95,933
Transfers	29,972	38,442	65,256	56,708	47,068	47,068	(43,024)	(40,071)	(6,654)	(18,277)
Total governmental activities	<u>\$ 14,322,547</u>	<u>\$ 15,916,906</u>	<u>\$ 17,189,425</u>	<u>\$ 21,863,994</u>	<u>\$ 21,744,315</u>	<u>\$ 21,704,984</u>	<u>\$ 18,675,921</u>	<u>\$ 20,673,745</u>	<u>\$ 21,675,816</u>	<u>\$ 23,723,066</u>
Business-type activities										
Investment earnings	\$ 3,094	\$ 1,068	\$ 3,418	\$ 3,030	\$ 332	\$ 247	\$ 76	\$ 236	\$ 192	\$ 66
Transfers	(29,972)	(38,442)	(65,256)	(56,708)	(47,068)	(47,068)	43,024	40,071	6,654	18,277
Total business-type activities	<u>\$ (26,878)</u>	<u>\$ (37,374)</u>	<u>\$ (61,838)</u>	<u>\$ (53,678)</u>	<u>\$ (46,736)</u>	<u>\$ (46,821)</u>	<u>\$ 43,100</u>	<u>\$ 40,307</u>	<u>\$ 6,846</u>	<u>\$ 18,343</u>
Total primary government	<u>\$ 14,295,669</u>	<u>\$ 15,879,532</u>	<u>\$ 17,127,587</u>	<u>\$ 21,810,316</u>	<u>\$ 21,697,579</u>	<u>\$ 21,658,163</u>	<u>\$ 18,719,021</u>	<u>\$ 20,714,052</u>	<u>\$ 21,682,662</u>	<u>\$ 23,741,409</u>
Changes in Net Position										
Governmental activities	\$ (4,290,246)	\$ (2,786,136)	\$ (3,024,939)	\$ 2,692,167	\$ 2,186,153	\$ (2,165,980)	\$ (4,695,645)	\$ (1,853,024)	\$ 1,848,722	\$ 2,308,007
Business-type activities	(7,660)	(13,057)	(25,766)	(53,550)	(63,505)	(47,930)	54,267	21,058	124,334	9,671
Total primary government	<u>\$ (4,297,906)</u>	<u>\$ (2,799,193)</u>	<u>\$ (3,050,705)</u>	<u>\$ 2,638,617</u>	<u>\$ 2,122,648</u>	<u>\$ (2,213,910)</u>	<u>\$ (4,641,378)</u>	<u>\$ (1,831,966)</u>	<u>\$ 1,973,056</u>	<u>\$ 2,317,678</u>

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

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

Function / Program	Program Revenues									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government	\$ 467,025	\$ 439,268	\$ 404,638	\$ 488,248	\$ 581,067	\$ 679,916	\$ 689,331	\$ 1,583,408	\$ 1,116,029	\$ 1,309,789
Protection to persons and property	2,741,863	2,795,996	3,091,751	3,617,995	4,352,858	3,595,865	2,320,267	2,866,539	4,211,647	4,345,358
Health and sanitation	3,469,051	4,329,321	4,225,061	4,903,144	5,038,291	5,645,388	5,713,690	4,894,094	5,846,443	5,356,070
Highways	843,600	1,087,070	952,737	1,004,974	1,043,662	1,014,163	1,033,962	1,066,586	1,027,950	1,069,032
Library	-	-	21,000	500	-	-	-	-	-	-
Parks and recreation	456,108	592,889	660,847	665,930	748,859	846,644	874,235	912,595	1,187,461	770,393
Subtotal governmental activities	\$ 7,977,647	\$ 9,244,544	\$ 9,356,034	\$ 10,680,791	\$ 11,764,737	\$ 11,781,976	\$ 10,631,485	\$ 11,323,222	\$ 13,389,530	\$ 12,850,642
Business-type activities										
The Willows	142,720	146,388	150,165	125,507	114,576	113,137	103,002	229,058	212,400	74,230
Subtotal business-type activities	\$ 142,720	\$ 146,388	\$ 150,165	\$ 125,507	\$ 114,576	\$ 113,137	\$ 103,002	\$ 229,058	\$ 212,400	\$ 74,230
Total primary government	\$ 8,120,367	\$ 9,390,932	\$ 9,506,199	\$ 10,806,298	\$ 11,879,313	\$ 11,895,113	\$ 10,734,487	\$ 11,552,280	\$ 13,601,930	\$ 12,924,872

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

	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ -	\$ -	\$ 215,259	\$ 13,803	\$ 7,927	\$ 67,619	\$ 3,913	\$ 166,186	\$ -	\$ -
Unreserved	3,350,112	1,513,414	1,165,166	2,532,800	4,452,389	6,406,644	3,364,206	5,248,097	-	-
Non-Spendable	-	-	-	-	-	-	-	-	21,957	30,195
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	3,480,206	4,413,634
Unassigned	-	-	-	-	-	-	-	-	<u>3,486,688</u>	<u>3,652,753</u>
Subtotal governmental activities	<u>\$ 3,350,112</u>	<u>\$ 1,513,414</u>	<u>\$ 1,380,425</u>	<u>\$ 2,546,603</u>	<u>\$ 4,460,316</u>	<u>\$ 6,474,263</u>	<u>\$ 3,368,119</u>	<u>\$ 5,414,283</u>	<u>\$ 6,988,851</u>	<u>\$ 8,096,582</u>
All Other Governmental Funds										
Reserved	781,600	2,233,100	2,213,100	2,099,700	2,715,352	2,100,059	1,967,548	1,495,210	-	-
Unreserved, reported in:										
Special revenues funds	5,078,812	3,719,198	3,159,957	3,434,575	2,682,851	2,767,121	2,968,678	2,985,713	-	-
Capital projects funds	1,017,757	12,338,066	9,939,554	2,829,766	7,851,632	3,067,776	2,164,361	2,749,497	-	-
Debt service funds	100,672	136,967	100,672	14,482	101,014	197,759	318,098	155,079	-	-
Non-Spendable	-	-	-	-	-	-	-	-	1,332,548	1,199,900
Restricted	-	-	-	-	-	-	-	-	4,281,553	5,493,285
Assigned	-	-	-	-	-	-	-	-	1,010,277	1,058,497
Unassigned	-	-	-	-	-	-	-	-	<u>61,485</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,978,841</u>	<u>\$ 18,427,331</u>	<u>\$ 15,413,283</u>	<u>\$ 8,378,523</u>	<u>\$ 13,350,849</u>	<u>\$ 8,132,715</u>	<u>\$ 7,418,685</u>	<u>\$ 7,385,499</u>	<u>\$ 6,685,863</u>	<u>\$ 7,751,682</u>

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes (see Schedule 6)	\$ 14,061,600	\$ 15,475,921	\$ 17,280,818	\$ 20,644,283	\$ 20,291,946	\$ 20,877,590	\$ 18,255,935	\$ 20,989,999	\$ 21,545,023	\$ 23,427,514
Licenses, fees and permits	1,882,111	2,146,613	2,413,824	2,818,155	3,634,569	2,640,789	1,536,651	1,947,935	2,142,698	2,812,427
Fines and penalties	384,657	340,844	307,689	371,611	435,119	520,589	527,847	551,277	642,010	617,297
Charges for services	4,099,237	4,500,694	4,917,566	5,662,865	6,170,906	6,510,946	6,535,690	6,345,349	6,776,691	6,795,987
Intergovernmental	1,549,118	1,478,507	1,588,551	1,499,589	1,587,571	1,638,280	1,606,732	1,819,193	3,359,486	1,975,832
Interest and rents	489,518	503,938	749,085	1,088,473	1,321,614	685,129	311,439	216,666	222,633	225,382
Other revenues	325,409	313,966	335,434	241,677	362,618	419,591	139,655	836,758	407,866	577,425
Total revenues	22,791,650	24,760,483	27,592,967	32,326,653	33,804,343	33,292,914	28,913,949	32,707,177	35,096,407	36,431,864
Expenditures										
General government	1,777,106	1,864,150	1,730,977	1,955,248	2,157,889	1,891,660	2,422,523	2,059,662	2,395,825	2,757,849
Protection to persons and property	5,323,696	5,759,750	5,444,347	5,606,097	5,531,538	5,743,559	5,958,844	5,651,576	7,912,433	9,265,977
Health and sanitation	5,100,489	5,259,353	5,775,030	5,483,131	7,148,278	6,544,734	6,096,826	5,470,263	6,550,912	7,302,854
Highways	2,654,129	2,459,297	2,640,923	2,548,368	3,227,513	2,594,658	2,579,952	2,647,479	3,890,896	3,590,319
Library	583,588	734,808	762,559	765,771	791,893	815,650	815,650	815,650	753,297	818,443
Parks and recreation	1,540,013	1,764,397	1,689,906	1,678,067	1,844,295	1,845,342	1,851,206	1,868,826	2,116,237	2,387,673
Miscellaneous:										
Employee benefits	4,966,259	5,071,177	5,687,569	7,072,692	5,789,335	6,107,964	6,352,479	6,047,229	3,696,967	2,000,964
Insurance	705,842	667,990	804,903	911,145	709,240	710,136	761,026	659,096	387,594	346,368
Other	359,987	307,478	312,797	335,978	402,634	342,379	269,280	304,344	247,269	250,041
Capital outlay	2,281,060	4,372,849	2,843,523	7,721,452	10,586,964	5,278,922	987,318	626,438	1,822,352	1,129,643
Debt service										
Interest	1,358,393	1,409,633	2,247,726	2,063,994	2,348,527	2,552,640	2,562,703	2,479,444	2,036,039	1,943,226
Principal	1,135,000	1,055,000	1,905,000	2,110,000	2,180,000	2,255,000	2,160,000	2,490,000	2,405,000	2,455,000
Bond Issue Costs	-	-	-	-	-	-	-	-	-	149,726
Payment to Redeem Bonds	-	-	-	-	-	-	-	-	-	15,890,000
Total expenditures	27,785,562	30,725,882	31,845,260	38,251,943	42,718,106	36,682,644	32,817,807	31,120,007	34,214,821	50,288,083
Other Financing Sources										
Bonds issued	-	17,483,986	-	-	15,752,734	-	-	-	-	16,048,046
Notes issued	2,050,000	-	-	-	-	-	-	-	-	-
Swaption proceeds	-	-	1,040,000	-	-	-	-	-	-	-
Refunding bonds issued	-	5,036,317	-	-	-	-	-	-	-	-
Payments to escrow agent	-	(6,981,554)	-	-	-	-	-	-	-	-
Transfers in	1,249,821	1,090,437	1,921,869	1,933,652	2,541,633	3,697,017	2,737,968	5,773,203	4,993,458	6,978,065
Transfers out	(1,219,849)	(1,051,995)	(1,856,613)	(1,876,944)	(2,494,565)	(3,511,474)	(2,654,282)	(5,347,395)	(5,000,112)	(6,996,342)
Total other financing sources (uses)	2,079,972	15,577,191	1,105,256	56,708	15,799,802	185,543	83,686	425,808	(6,654)	16,029,769
Net change in fund balance	\$ (2,913,940)	\$ 9,611,792	\$ (3,147,037)	\$ (5,868,582)	\$ 6,886,039	\$ (3,204,187)	\$ (3,820,172)	\$ 2,012,978	\$ 874,932	\$ 2,173,550
Debt service as a percentage of noncapital expenditures	9.8%	9.4%	14.3%	13.7%	14.1%	15.3%	14.8%	16.3%	13.7%	8.9%

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

<u>Year</u>	Local Enabling Tax (Act 511) (b)				Total
	Property (a)	Business Privilege & Mercantile	Realty Transfer	Other	
2003	7,004,603	3,723,397	2,847,390	486,210	14,061,600
2004	7,751,250	4,054,255	3,300,104	370,312	15,475,921
2005	8,398,239	4,315,515	3,450,739	1,116,325	17,280,818
2006	9,110,117	6,955,432	3,280,052	1,298,682	20,644,283
2007	9,208,315	6,198,782	3,585,263	1,299,586	20,291,946
2008	9,330,165	7,937,247	2,586,806	1,023,372	20,877,590
2009	9,331,575	6,018,989	1,869,545	1,035,826	18,255,935
2010	10,360,813	7,514,534	2,098,951	1,015,701	20,989,999
2011	11,305,201	7,157,179	2,099,160	983,483	21,545,023
2012	11,687,363	8,511,021	2,480,143	748,987	23,427,514
Changes					
2003 - 2012	66.9%	128.6%	-12.9%	54.0%	66.6%

(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), (c)	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
2003	385,756,733	1,934,879,737	992,392,482	79,066,714	3,006,338,933	2.3500	3,006,338,933	100.0%
2004	385,756,733	1,951,398,399	988,072,742	78,466,376	3,017,937,517	2.5600	3,017,937,517	100.0%
2005	385,756,733	1,965,072,901	994,996,703	79,016,231	3,039,085,835	2.7900	3,039,085,835	100.0%
2006	407,686,215	2,306,908,769	711,846,537	45,231,948	3,063,987,254	3.0100	3,063,987,254	100.0%
2007	407,541,105	2,333,987,261	706,971,527	43,784,084	3,084,742,872	3.0100	3,084,742,872	100.0%
2008	427,700,645	2,374,223,989	683,048,147	42,539,224	3,099,811,360	3.0100	3,099,811,360	100.0%
2009	444,577,193	2,399,381,717	684,171,717	47,765,544	3,131,318,978	3.0100	3,131,318,978	100.0%
2010	445,876,898	2,404,787,156	680,386,421	46,157,028	3,131,330,605	3.3411	3,131,330,605	100.0%
2011	448,146,338	2,404,723,368	675,657,684	44,557,628	3,124,938,680	3.6411	3,124,938,680	100.0%
2012	448,267,948	2,426,398,552	678,489,534	42,417,098	3,147,305,184	3.7511	3,147,305,184	100.0%

Source: County of Delaware, Pennsylvania, Board of Assessments

Notes:

- (a) Includes agricultural and vacant land
- (b) 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.
- (c) At the end of 2006, a court approved settlement reduced the assessed value of a large commercial property.

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
2003	1.756	0.594	2.350	14.9200	4.102
2004	1.971	0.589	2.560	15.6400	4.450
2005	1.858	0.932	2.790	16.4100	4.450
2006	2.082	0.928	3.010	17.3670	4.450
2007	2.082	0.928	3.010	18.2360	4.450
2008	2.082	0.928	3.010	19.5118	4.825
2009	1.923	1.087	3.010	20.4085	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

Source: County of Delaware, Pennsylvania, Board of Assessments

Notes:

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

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

<u>Taxpayer</u>		2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total Township Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Township Taxable Assessed Value
Radnor Properties	Business Parks	\$213,188,185	1	6.8%	-		
Bajus & Associates	Commercial Real Estate Company	31,480,710	2	1.0%	21,011,010	4	0.7%
Radwyn Apartments	Apartment Complex	22,149,000	3	0.7%	23,186,980	3	0.8%
Home Properties	Apartment Complex	18,650,000	4	0.6%	-		
KMO 361 Realty Associates	Shopping Center	17,850,410	5	0.6%	17,850,410	6	0.6%
University of PA Trust	Penn Medicine at Radnor	16,307,600	6	0.5%	16,307,600	7	0.5%
Fidelity Court Associates	Office Complex	13,843,140	7	0.4%	13,843,100	9	0.5%
Linda Sposato Trust ETAL	Apartment Complex	12,600,000	8	0.4%	-		
G&I II Radnor Crossing LP	Apartment Complex	12,271,030	9	0.4%	12,271,000	10	0.4%
Enrico Partners	Shopping Center	11,749,810	10	0.4%	-		
The Rubenstein Company, LP	Corporate Office Complex	-		0.0%	358,392,310	1	12.0%
Radcliffe House	Apartment Complex	-		0.0%	82,588,000	2	2.8%
Albert Levin & Associates	Apartment Complex	-		0.0%	19,166,600	5	0.6%
Montgomery-Scott Associates	Private residential/agricultural	-		0.0%	15,618,250	8	0.5%
Total		<u>\$370,089,885</u>		<u>11.8%</u>	<u>\$580,235,260</u>		<u>19.5%</u>

Notes:

(1) Total taxable assessed value, all real property in Radnor Township, December 31, 2012 is \$3,147,305,184 and at December 31, 2003 is \$3,006,338,933.

(2) 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 10 - PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<i>Year Ended December 31</i>	Taxes Levied for the Year	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	7,064,896	6,868,628	97.22%	194,877	7,063,505	99.98%
2004	7,725,920	7,618,988	98.62%	104,989	7,723,977	99.97%
2005	8,479,051	8,330,146	98.24%	145,247	8,475,393	99.96%
2006	9,197,804	9,110,117	99.05%	61,429	9,171,546	99.71%
2007	9,285,076	9,193,509	99.01%	88,518	9,282,027	99.97%
2008	9,330,434	9,248,811	99.13%	76,854	9,325,665	99.95%
2009	9,425,270	9,310,850	98.79%	111,077	9,421,927	99.96%
2010	10,462,089	10,380,944	99.22%	78,100	10,459,044	99.97%
2011	11,378,213	11,280,867	99.14%	50,427	11,331,294	99.59%
2012	11,805,857	11,713,761	99.22%	-	11,713,761	99.22%

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business Privilege (2)										
- Number of Filers	869	998	1,116	1,232	1,234	1,082	1,180	1,309	1,463	1,452
- Tax Collections	\$ 2,693,745	\$ 2,830,388	\$ 3,142,744	\$ 5,706,108	\$ 4,851,853	\$ 6,638,348	\$ 4,931,812	\$ 5,882,082	\$ 5,635,035	\$ 6,489,709
- Taxable Services	\$ 897,915,000	\$ 943,463,000	\$ 1,047,582,000	\$ 1,902,036,000	\$ 1,617,824,333	\$ 2,212,782,667	\$ 1,643,937,333	\$ 1,960,694,000	\$ 1,878,345,000	\$ 2,163,236,333
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
Mercantile (2)										
- Number of Filers	257	283	309	338	315	240	256	278	305	304
- Tax Collections	\$ 1,029,652	\$ 1,223,867	\$ 1,172,771	\$ 1,249,324	\$ 1,346,929	\$ 1,298,901	\$ 1,087,177	\$ 1,632,452	\$ 1,212,563	\$ 1,195,293
- Taxable Services	\$ 343,218,000	\$ 407,956,000	\$ 390,924,000	\$ 416,442,000	\$ 448,976,333	\$ 432,967,000	\$ 362,392,333	\$ 544,150,667	\$ 404,187,667	\$ 398,431,000
- Tax Rate (1)	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills	3 mills
Total Tax Collections	\$ 3,723,397	\$ 4,054,255	\$ 4,315,515	\$ 6,955,432	\$ 6,198,782	\$ 7,937,249	\$ 6,018,989	\$ 7,514,534	\$ 6,847,598	\$ 7,685,002

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>	2012		2003	
	Rank	Percentage of Total	Rank	Percentage of Total
Investment	1	8.7%		
Laboratory Supply & Distribution	2	5.7%		0.0%
Investment	3	4.7%	1	4.5%
Investment Advisors	4	3.6%	9	0.8%
Real Estate Investment Trust	5	3.2%		0.0%
Industrial Gas	6	3.2%		0.0%
Legal Services	7	3.0%		0.0%
Temporary Staffing	8	2.8%		0.0%
Vehicle Leasing	9	2.4%		0.0%
Insurance	10	2.1%		0.0%
Insurance	-	0.0%	7	1.1%
Supermarket	-	0.0%	2	3.3%
Desugner/Builder	-	0.0%	3	2.3%
Retail Computer Sales & Service	-	0.0%	4	2.1%
Retail Pharmacy	-	0.0%	5	1.3%
Department Store	-	0.0%	6	1.1%
Investment	-	0.0%	8	1.0%
Department Store	-	<u>0.0%</u>	10	<u>0.5%</u>
Percentage of Total Gross Collections		<u>39.4%</u>		<u>18.0%</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>Year</u>	<u>General Obligation Bonds (1)</u>			Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Percentage of Personal Income (4)	Population (3)	Net General Obligation Bonds Per Capita
	Electoral	Non Electoral	Total					
2003	8,930,000	25,925,000	34,855,000	3,006,338,933	1.16%	2.84%	30,878	1,129
2004	9,350,000	40,155,000	49,505,000	3,017,937,517	1.64%	4.03%	30,878	1,603
2005	9,005,000	38,595,000	47,600,000	3,039,085,835	1.57%	3.87%	30,878	1,542
2006	8,630,000	36,860,000	45,490,000	3,084,742,872	1.47%	3.70%	30,878	1,473
2007	8,240,000	50,980,000	59,220,000	3,099,811,360	1.91%	4.82%	30,878	1,918
2008	7,835,000	49,130,000	56,965,000	3,112,600,046	1.83%	3.79%	30,878	1,845
2009	7,695,000	47,225,000	54,920,000	3,131,318,978	1.75%	3.60%	30,878	1,779
2010	7,465,000	44,965,000	52,430,000	3,131,330,705	1.67%	3.36%	31,531	1,663
2011	6,970,000	43,055,000	50,025,000	3,124,938,680	1.60%	3.21%	31,531	1,587
2012	6,465,000	41,575,000	48,040,000	3,147,305,184	1.53%	3.06%	31,531	1,524

Sources:

- (1) Township of Radnor Finance Department
- (2) County of Delaware, Pennsylvania, Board of Assessments
- (3) US Census 2010, 2000, 1990
- (4) Schedule 16 - 2012 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, 2012

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Radnor Township School District	\$ 103,735,000	100.00%	\$ 103,735,000
Delaware County	\$ 332,519,000	10.550%	<u>35,080,633</u>
Sub-Total, Overlapping Debt			138,815,633
Township of Radnor Direct Debt		100.00%	<u>48,040,000</u>
Total Direct and Overlapping Debt			<u>\$ 186,855,633</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, 2011 is based on the ratio of Radnor Township's assessed valuation to Delaware County's 2011 assessed valuation.

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

	Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Three Year Average Revenues(2),(3)	\$ 22,167	\$ 21,548	\$ 22,852	\$ 23,992	\$ 29,327	\$ 30,074	\$ 29,381	\$ 29,411	\$ 29,461	\$ 31,767	
Debt limit (1)	\$ 55,418	\$ 53,870	\$ 57,130	\$ 59,980	\$ 73,318	\$ 75,185	\$ 73,453	\$ 73,528	\$ 73,653	\$ 79,418	
Total net debt applicable to limit	\$ 25,925	\$ 40,155	\$ 38,595	\$ 36,860	\$ 50,980	\$ 49,130	\$ 47,225	\$ 44,965	\$ 43,055	\$ 41,575	
Legal debt margin	\$ 29,493	\$ 13,715	\$ 18,535	\$ 23,120	\$ 22,338	\$ 26,055	\$ 26,228	\$ 28,563	\$ 30,598	\$ 37,843	
Total net debt applicable to the limit as a percentage of debt limit	46.78%	74.54%	67.56%	61.45%	69.53%	65.35%	64.29%	61.15%	58.46%	52.35%	

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 the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development. Under the Radnor Township Home Rule Charter, any new debt in excess of 250% of the borrowing base must be approved by the electorate.
- (3) Borrowing Base Revenues represent total revenues less Enterprise Fund operating revenues, interest, State and Federal grants, proceeds from the sale of assets and loan proceeds.

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

<u>Year</u>	Population (1)	Personal Income (2)	Per Capita Personal Income (1)	Unemployment Rate (3)
2003	30,878	1,229,345,814	39,813	5.7%
2004	30,878	1,229,345,814	39,813	5.4%
2005	30,878	1,229,345,814	39,813	4.9%
2006	30,878	1,229,345,814	39,813	4.5%
2007	30,878	1,229,345,814	39,813	5.0%
2008	30,878	1,504,221,770	48,715	5.0%
2009	30,878	1,527,040,612	49,454	7.6%
2010	31,531	1,559,334,074	49,454	7.9%
2011	31,531	1,559,334,074	49,454	7.2%
2012	31,531	1,559,334,074	49,454	5.8%

Sources:

(1) US Census 2010, 2000, 1990

(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>		2012			2003		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Villanova University	Higher Education	2,827	1	14.0%	2,733	1	11.6%
Eastern University	Higher Education	832	2	4.1%	433	5	1.8%
Radnor Township School District	Education	643	3	3.2%	758	3	3.2%
Lincoln National Life Insurance	Insurance / Financial Investments	601	4	3.0%	-	-	-
Centocor, Inc	Pharmaceutical Research	598	5	3.0%	282	8	1.2%
VWR Management Services	Research Supply & Distribution	414	6	2.0%	-	-	-
University of Pennsylvania	Medical Services	333	7	1.6%	-	-	-
Jefferson Health System	Medical Services	282	8	1.4%	-	-	-
TV Guide, LLC	Cable Communications & Research	274	9	1.4%	-	-	-
Cabrini College	Higher Education	271	10	1.3%	418	6	1.8%
Wyeth-Ayerst	Pharmaceutical Laboratories	-	-	-	2,187	2	9.3%
News America Publications, Inc	Publisher	-	-	-	669	4	2.8%
Covance Periapproval Services	Consulting	-	-	-	351	7	1.5%
Bayada Nurses	Nursing	-	-	-	277	9	1.2%
Valley Forge Military Academy & College	Secondary & Higher Education	-	-	-	253	10	1.1%
Total		<u>7,075</u>		<u>35.0%</u>	<u>8,361</u>		<u>35.5%</u>

Source: Township of Radnor Finance Department

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

Function/Program	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	6	7	7	7	4.5	5	3	4	2	2
Finance	7	7	7	7	5	5	2	3	4	6
Community Development	7	6	7	7	8	8	5	6	5	6
Engineering	3	3	4	4	3	3	3	3	2	2
Information Technology	-	-	-	-	3	3	3	3	3	2
Police										
Officers	48	42	45	42	46	45	43	40	41	36
Civilian	11	11	9	8	6.5	6.0	6	6	5	5
Refuse Collection	30	29	32	30	28	27	26	25	22	20
Other Public Works										
Highways	23	22	20	20	19	19	19	18	18	19
Sewer	6	6	6	6	5	4	4	4	4	4
Park maintenance	16	16	17	17	17	17	17	17	14	13
Other	5	4	3	2	1	2	2	1	1	1
Parks and recreation	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total	<u>165</u>	<u>156</u>	<u>160</u>	<u>153</u>	<u>149</u>	<u>147</u>	<u>136</u>	<u>132</u>	<u>124</u>	<u>119</u>

Source: Township of Radnor Finance Department

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

(1) In 2006, all police dispatch duties were transferred to Delaware County.

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

<u>Function/Program</u>	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Business Tax Audits	27	27	14	46	57	49	72	74	85	41
Collections from audits (rounded in thousands)	\$ 196	\$ 257	\$ 226	\$ 1,425	\$ 349	\$ 679	\$ 1,349	\$ 971	\$ 310	\$ 826
Business Tax Licenses Issued	1,126	1,281	1,425	1,570	1,550	1,203	1,289	1,237	1,282	1,282
Protection to persons and property										
Building permits issued	1,080	1,006	812	914	744	705	675	785	831	910
New construction	27	30	33	43	29	12	19	7	8	22
Accessories and additions	152	176	145	156	112	149	117	104	104	55
Subdivision plans	13	8	34	11	9	7	4	1	2	-
Lots approved	10	4	5	2	1	6	(2)	-	4	-
Zoning appeals	83	84	42	53	35	59	35	35	54	28
Design review	68	69	44	55	70	89	67	53	90	67
Vehicle violations	26,507	25,894	21,122	23,129	23,728	26,503	28,277	23,371	28,445	30,322
Vehicle accidents	1,291	1,249	1,352	1,307	1,295	1,285	1,136	1,209	1,207	1,214
Nuisance and non-criminal	10,381	9,887	10,125	10,808	11,608	11,861	11,306	10,972	10,579	12,590
Serious crimes	447	504	415	438	436	413	384	433	423	428
Secondary offenses	989	973	1,367	1,378	986	902	827	784	733	828
Alarm signals	2,045	1,939	1,952	1,950	1,483	1,671	1,551	1,674	1,568	1,664
Animal complaints	484	469	512	715	685	773	705	784	616	646
Health and sanitation										
Refuse collected (tons)	11,196	11,069	10,819	10,973	10,341.0	9,678.0	9,182.0	8,774.0	7,838.8	7,838.8
Curbside recycling (tons)	4,510	3,303	3,218	5,568	5,919	4,919	6,306	5,738	2,898	6,646
Other Public Works										
Streets resurfaced (sq yds)	70,487	70,487	57,506	83,778	53,219	63,878	42,430	37,224	50,610	-
Parks and recreation										
Number of programs	174	180	212	214	219	221	225	220	187	145
Events held at Willows	140	145	159	151	132	124	118	120	122	117
Wastewater										
New sanitary sewer connections	14	37	34	45	34	29	28	18	3	4

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Protection to persons and property										
Marked vehicles	13	13	13	13	13	13	13	13	13	13
Unmarked vehicles	9	9	9	9	9	9	8	7	7	7
Health and sanitation										
Recycling trucks	6	6	6	6	6	6	6	6	6	-
Refuse collection trucks	9	12	12	12	12	12	12	12	12	-
Recycling & Refuse Trucks	-	-	-	-	-	-	-	-	-	12
Other Public Works										
Streetlights	1,350	1,352	1,377	1,402	1,402	1,402	1,402	1,402	1,406	1,406
Traffic signals	41	41	41	43	44	44	44	44	44	44
Parks and recreation										
Acres of open space	435.65	441.50	441.66	441.84	441.84	441.84	441.84	441.84	441.84	441.84
Parks, playgrounds, athletic fields	23	25	25	26	26	23	23	23	23	23
Wastewater										
Sanitary sewers (linear feet)	718,520	718,520	719,810	719,810	719,810	719,810	719,810	719,810	719,810	719,810
Storm sewers (linear feet)	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840	675,840

Source: Various Departments, Township of Radnor