



Annual Financial Report

County of: Chester
for the year 2007



Return to:

PA Department of Community and Economic Development
Governor's Center for Local Government Services
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DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT



COUNTY OF CHESTER, PENNSYLVANIA
Government-Wide Statement of Net Assets
December 31, 2007

| CURRENT ASSETS | Primary Government | | |
|--|---------------------------|----------------------|---------------|
| | Governmental | Business-Type | |
| | Activities | Activities | Total |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 96,081,756 | \$ 204,938 | \$ 96,286,694 |
| Investments | 2,957,341 | - | 2,957,341 |
| Receivables (net of allowances for uncollectibles) | 12,862,795 | 4,116,695 | 16,979,490 |
| Due from other governments | 13,563,733 | 119,776 | 13,683,509 |
| Internal balances | 2,563,533 | (2,563,533) | - |
| Inventories | 88,689 | 93,499 | 182,188 |
| Prepays | 2,890,173 | 31,907 | 2,922,080 |
| Deferred charges | 127,754 | - | 127,754 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 60,870,561 | - | 60,870,561 |
| Investments | 54,299,221 | - | 54,299,221 |
| Intergovernmental receivable | - | - | - |
| Other <i>Other assets</i> | 2,154,533 | 6,248 | 2,160,781 |
| Other <i>Due from authorities</i> | 150,170 | - | 150,170 |

| NON-CURRENT ASSETS | NON-CURRENT ASSETS: | | | |
|--|--------------------------------------|-----------|-------------|-----------|
| | Permanently restricted: | | | |
| | Restricted cash and cash equivalents | 1,200,056 | 313,618 | 1,513,674 |
| Capital assets, not being depreciated: | | | | |
| Land | 17,963,173 | - | 17,963,173 | |
| Construction in process | 144,692,121 | 1,807,315 | 146,499,436 | |
| Capital assets, being depreciated, net | | | | |
| Buildings and system | 54,832,883 | 2,519,266 | 57,352,149 | |
| Improvements other than buildings | 1,277,837 | 33,234 | 1,311,071 | |
| Machinery and equipment | 13,894,228 | 675,872 | 14,570,100 | |
| Infrastructure | 8,425,906 | - | 8,425,906 | |
| Other <i>Land development rights</i> | 66,754,062 | - | 66,754,062 | |
| Other <i>Machinery and equipment capital lease</i> | 1,059,601 | - | 1,059,601 | |

| | | | |
|---------------------|-----------------------|---------------------|-----------------------|
| TOTAL ASSETS | \$ 558,710,126 | \$ 7,358,835 | \$ 566,068,961 |
|---------------------|-----------------------|---------------------|-----------------------|

| LIABILITIES | Primary Government | | |
|-----------------------------------|--------------------------------|---------------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| | LIABILITIES: | | |
| Current liabilities: | | | |
| Accounts payable | \$ 34,275,574 | \$ 265,902 | \$ 34,541,476 |
| Due to other governments | 1,608,976 | - | 1,608,976 |
| Deferred revenue | 22,116,181 | - | 22,116,181 |
| Funds held as fiduciary | - | 307,739 | 307,739 |
| Other current liabilities | 11,505,314 | 448,919 | 11,954,233 |
| Noncurrent liabilities: | | | |
| Debt due within one year | 14,933,689 | 53,901 | 14,987,590 |
| Debt due in more than one year | 466,831,673 | 696,381 | 467,528,054 |
| Other non-current liabilities | 6,166,839 | 319,712 | 6,486,551 |
| Other <i>Accrued salaries</i> | 3,054,020 | 328,768 | 3,382,788 |
| Other <i>Funds held in escrow</i> | 1,398,730 | - | 1,398,730 |
| TOTAL LIABILITIES | 561,890,996 | 2,421,322 | 564,312,318 |

| NET ASSETS | NET ASSETS: | | |
|-------------------------|---|---------------------|---------------------|
| | Investment in capital assets, net of related debt | 5,005,509 | 4,285,405 |
| Restricted | 5,059,801 | 68,482 | 5,128,283 |
| Unrestricted | (13,246,180) | 583,626 | (12,662,554) |
| TOTAL NET ASSETS | \$ (3,180,870) | \$ 4,937,513 | \$ 1,756,643 |

COUNTY OF CHESTER, PENNSYLVANIA
Government-Wide Statement of Activities
For the Year Ended December 31, 2007

| GOVERNMENTAL ACTIVITIES | Functions/Programs | Program Revenues | | | |
|-------------------------|--------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
| | | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | Primary government | | | | |
| | Governmental activities: | | | | |
| | General government | 32,972,229 | 13,242,431 | 290,321 | - |
| | Judicial government | 38,771,294 | 8,520,523 | 5,587,914 | - |
| | Public safety | 15,993,396 | 9,868,379 | 673,666 | - |
| | Corrections | 36,234,750 | 2,779,337 | 1,407,550 | - |
| | Public works (Bridges) | 1,506,075 | - | 830,319 | 176,594 |
| | Human services | 207,131,642 | 3,480,950 | 185,075,339 | - |
| | Culture and recreation | 16,752,209 | 271,068 | 121,996 | - |
| | Conservation and development | 8,286,655 | 1,121,300 | 417,963 | - |
| | Interest on long-term debt | 19,440,346 | - | - | - |
| | Total governmental activities | \$ 377,088,596 | \$ 39,283,988 | \$ 194,405,068 | \$ 176,594 |

| | | | | | |
|--------------------------|---------------------------------------|---------------|---------------|------|------------|
| BUSINESS-TYPE ACTIVITIES | Business-type activities: | | | | |
| | Pocopson Geriatric center | 23,867,112 | 21,572,855 | - | 949,468 |
| | Total business type activities | \$ 23,867,112 | \$ 21,572,855 | \$ - | \$ 949,468 |

| | | | | |
|---------------------------------|----------------|---------------|----------------|--------------|
| Total primary government | \$ 400,955,708 | \$ 60,856,843 | \$ 194,405,068 | \$ 1,126,062 |
|---------------------------------|----------------|---------------|----------------|--------------|

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|-------------------------|---------------------------------|-------------------------|
| Primary Government | | | |
| Functions/Programs | Governmental | Business-Type | Total |
| Primary government | Activities | Activities | |
| Governmental activities: | | | |
| General government | (19,439,477) | | (19,439,477) |
| Judicial government | (24,662,857) | | (24,662,857) |
| Public safety | (5,451,351) | | (5,451,351) |
| Corrections | (32,047,863) | | (32,047,863) |
| Public works (Bridges) | (499,162) | | (499,162) |
| Human services | (18,575,353) | | (18,575,353) |
| Culture and recreation | (16,359,145) | | (16,359,145) |
| Conservation and development | (6,747,392) | | (6,747,392) |
| Interest on long-term debt | (19,440,346) | | (19,440,346) |
| Total governmental activities | \$ (143,222,946) | \$ - | \$ (143,222,946) |

| | | | |
|---------------------------------------|---------------------------------|-----------------------|-----------------------|
| Business-type activities: | | | |
| Pocopson Geriatric center | | (1,344,789) | (1,344,789) |
| Total business type activities | \$ - | \$ (1,344,789) | \$ (1,344,789) |

| | | | |
|---------------------------------|-------------------------|-----------------------|-------------------------|
| Total primary government | \$ (143,222,946) | \$ (1,344,789) | \$ (144,567,735) |
|---------------------------------|-------------------------|-----------------------|-------------------------|

| | | | |
|---|-----------------------|---------------------|-----------------------|
| General revenues: | | | |
| Taxes: | | | |
| Real Estate | 136,054,592 | - | 136,054,592 |
| Occupation | - | - | - |
| Per capita | - | - | - |
| Hotel taxes | - | - | - |
| Personal property taxes | 40,384 | - | 40,384 |
| Investment earnings | 9,130,749 | 7,418 | 9,138,167 |
| Miscellaneous | 1,753,971 | - | 1,753,971 |
| Transfers | (1,602,529) | 1,602,529 | - |
| Total general revenues and transfers | \$ 145,377,167 | \$ 1,609,947 | \$ 146,987,114 |

| | | | |
|--------------------------------|-----------------------|---------------------|---------------------|
| Change in net assets | \$ 2,154,221 | \$ 265,158 | \$ 2,419,379 |
| Net assets - beginning | (5,335,091) | 4,672,355 | (662,736) |
| Prior period adjustment | - | - | - |
| Net assets - ending | \$ (3,180,870) | \$ 4,937,513 | \$ 1,756,643 |

COUNTY OF CHESTER, PENNSYLVANIA

Balance Sheet - Governmental Funds

(Including the Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Units)

December 31, 2007

| | ASSETS | | |
|-------------------------------------|-------------------|-------------------------------|----------------------------------|
| | General | Managed Behavioral Healthcare | Mental Health Mental Retardation |
| Assets: | | | |
| Cash and cash equivalents | \$ 28,788,511 | \$ 1,081,705 | \$ 16,720,172 |
| Investments | 893,322 | - | 521,353 |
| Receivables (net of uncollectibles) | 6,780,369 | - | 197,053 |
| Due from other governments | 3,332,722 | - | 277,277 |
| Due from other funds | 8,171,222 | - | - |
| Inventories | 88,689 | - | - |
| Prepays | 759,133 | - | 521 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 590,168 | 11,084,568 | - |
| Investments | - | - | - |
| Permanently restricted: | | | |
| Investments | 786,505 | - | - |
| Other <i>Other assets</i> | 7,372 | - | - |
| Other <i>Adv. to subcontractors</i> | - | - | 3,345,696 |
| Other <i>Due from comp.units</i> | 150,170 | - | - |
| Total Assets | 50,348,183 | 12,166,273 | 21,062,072 |

| | LIABILITIES | | |
|----------------------------------|-------------------|-------------------------------|----------------------------------|
| | General | Managed Behavioral Healthcare | Mental Health Mental Retardation |
| Liabilities: | | | |
| Accounts payable | 2,003,554 | 48,768 | 11,662,221 |
| Due to other governments | - | - | 1,583,032 |
| Due to other funds | - | 368,662 | - |
| Deferred revenue | 5,065,573 | 11,084,568 | 7,722,482 |
| Funds held as fiduciary | 582,274 | - | - |
| Other <i>Accrued liabilities</i> | 1,558,873 | 9,877 | 94,337 |
| Other <i>Other liabilities</i> | 1,864,299 | - | - |
| Total liabilities | 11,074,573 | 11,511,875 | 21,062,072 |

| | FUND BALANCE | | |
|---------------------------|-------------------|-------------------------------|----------------------------------|
| | General | Managed Behavioral Healthcare | Mental Health Mental Retardation |
| Fund balance: | | | |
| Fund balance, reserved | 847,822 | - | - |
| Fund balance, unreserved | 38,425,788 | 654,398 | - |
| Total fund balance | 39,273,610 | 654,398 | - |

| | | | |
|---|----------------------|----------------------|----------------------|
| Total liabilities and fund balance | \$ 50,348,183 | \$ 12,166,273 | \$ 21,062,072 |
|---|----------------------|----------------------|----------------------|

| | Other | | | |
|-------------------------------------|------------------------|-------------------|-----------------------|--------------------------------|
| | Capital Improvement | Debt Service | Governmental Funds | Total Governmental Funds |
| Assets: | | | | |
| Cash and cash equivalents | \$ 2,680,244 | \$ 21,265,033 | \$ 10,206,469 | \$ 80,742,134 |
| Investments | 57,506 | 663,067 | 318,488 | 2,453,736 |
| Receivables (net of uncollectibles) | 91,544 | 953,607 | 1,147,716 | 9,170,289 |
| Due from other governments | 255,092 | - | 9,698,642 | 13,563,733 |
| Due from other funds | - | - | - | 8,171,222 |
| Inventories | - | - | - | 88,689 |
| Prepays | - | 90,184 | 10,907 | 860,745 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | 48,651,601 | - | 413,551 | 60,739,888 |
| Investments | 53,947,463 | - | - | 53,947,463 |
| Permanently restricted: | | | | |
| Investments | - | - | - | 786,505 |
| Other <i>Other assets</i> | - | - | 1,743 | 9,115 |
| Other <i>Adv. to subcontractors</i> | - | - | 35,178 | 3,380,874 |
| Other <i>Due from comp.units</i> | - | - | - | 150,170 |
| Total Assets | 105,683,450 | 22,971,891 | 21,832,694 | 234,064,563 |

| | | | | |
|----------------------------------|-------------------|----------------|-------------------|-------------------|
| Liabilities: | | | | |
| Accounts payable | 11,266,060 | 4,756 | 5,856,566 | 30,841,925 |
| Due to other governments | - | - | 27,217 | 1,610,249 |
| Due to other funds | - | - | 3,526,633 | 3,895,295 |
| Deferred revenue | 4,000 | 785,651 | 1,933,688 | 26,595,962 |
| Funds held as fiduciary | - | - | 14,458 | 596,732 |
| Other <i>Accrued liabilities</i> | 5,166 | 42 | 667,438 | 2,335,733 |
| Other <i>Other liabilities</i> | - | - | - | 1,864,299 |
| Total liabilities | 11,275,226 | 790,449 | 12,026,000 | 67,740,195 |

| | | | | |
|---------------------------|-------------------|-------------------|------------------|--------------------|
| Fund balance: | | | | |
| Fund balance, reserved | 334,137 | - | 4,126,109 | 5,308,068 |
| Fund balance, unreserved | 94,074,087 | 22,181,442 | 5,680,585 | 161,016,300 |
| Total fund balance | 94,408,224 | 22,181,442 | 9,806,694 | 166,324,368 |

| | | | |
|---|-----------------------|----------------------|----------------------|
| Total liabilities and fund balance | \$ 105,683,450 | \$ 22,971,891 | \$ 21,832,694 |
|---|-----------------------|----------------------|----------------------|

| | |
|--|-----------------------|
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Internal service funds are used by management to charge the costs of certain activities such as workers compensation, flexible benefits and computer replacement. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 9,437,558 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as a fund liability. | (494,170,645) |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 7,387,638 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 307,840,211 |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$ (3,180,870) |

COUNTY OF CHESTER, PENNSYLVANIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

| | General | Managed Behavioral Healthcare | Mental Health Mental Retardation |
|---|--------------------|-------------------------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Real estate | \$ 96,009,327 | \$ - | \$ - |
| Occupation tax | - | - | - |
| Per capital tax | - | - | - |
| Hotel room rental tax | - | - | - |
| Sales tax | - | - | - |
| Other <u>Personal property tax</u> | 40,384 | - | - |
| Other _____ | - | - | - |
| Total taxes | 96,049,711 | - | - |
| Intergovernmental revenues: | | | |
| Federal | 2,756,093 | - | 25,434,300 |
| State | 8,628,934 | 53,886,253 | 42,159,796 |
| Local government units | 152,239 | - | - |
| Combination | - | - | - |
| Total intergovernmental revenues | 11,537,266 | 53,886,253 | 67,594,096 |
| Charges for service | 18,549,352 | - | 120.862 |
| Miscellaneous revenues: | | | |
| Interest earnings | 3,445,755 | 94,167 | 1,704,033 |
| Rents | 118,695 | - | - |
| Private contributions and donations | - | - | - |
| Other <u>Miscellaneous</u> | 2,961,240 | - | 64,426 |
| Other _____ | - | - | - |
| Total miscellaneous revenues | 6,525,690 | 94,167 | 1,768,459 |
| Total revenues | 132,662,019 | 53,980,420 | 69,483,417 |

REVENUES

| | Capital Improvement | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|------------------------|-----------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Real estate | \$ - | \$ 26,978,702 | \$ 12,320,116 | \$ 135,308,145 |
| Occupation tax | - | - | - | - |
| Per capital tax | - | - | - | - |
| Hotel room rental tax | - | - | - | - |
| Sales tax | - | - | - | - |
| Other <i>Personal property tax</i> | - | - | - | 40,384 |
| Other | - | - | - | - |
| Total taxes | - | 26,978,702 | 12,320,116 | 135,348,529 |
| Intergovernmental revenues: | | | | |
| Federal | 60,041 | - | 28,894,278 | 57,144,712 |
| State | 116,553 | - | 30,262,513 | 135,054,049 |
| Local government units | - | - | 43,748 | 195,987 |
| Combination | - | - | - | - |
| Total intergovernmental revenues | 176,594 | - | 59,200,539 | 192,394,748 |
| Charges for service | - | 1,477,286 | 12,016,988 | 32,164,488 |
| Miscellaneous revenues: | | | | |
| Interest earnings | 2,391,218 | 1,667,759 | 726,685 | 11,733,650 |
| Rents | - | - | 284,818 | 403,513 |
| Private contributions and donations | - | - | - | - |
| Other <i>Miscellaneous</i> | 46,200 | 1,502,175 | 340,282 | 4,914,323 |
| Other | - | - | - | - |
| Total miscellaneous revenues | 2,437,418 | 3,169,934 | 1,351,785 | 17,051,486 |
| Total revenues | 2,614,012 | 31,625,922 | 84,889,428 | 375,255,218 |

REVENUES

COUNTY OF CHESTER, PENNSYLVANIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

| | General | Managed Behavioral Healthcare | Mental Health Mental Retardation |
|---|------------------------|-------------------------------------|--|
| EXPENDITURES | | | |
| Expenditures: | | | |
| Current: | | | |
| General government | 25,302,720 | - | - |
| Judicial | 33,271,215 | - | - |
| Public safety | 2,660,144 | - | - |
| Corrections | 34,797,281 | - | - |
| Public works (Bridges) | - | - | - |
| Human services | 10,833,950 | 54,269,626 | 71,004,411 |
| Culture and recreation | - | - | - |
| Conservation and development | 4,833,892 | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Debt issuance costs | - | - | - |
| Capital outlay: | | | |
| Bridges | - | - | - |
| Other _____ | 23,415 | - | - |
| Total expenditures | \$ 111,722,617 | 54,269,626 | 71,004,411 |
| REVENUES/(EXPENDITURES) | | | |
| Other financing sources (uses): | | | |
| Interfund operating transfers | (15,437,299) | (331,118) | 1,520,994 |
| Sale of capital assets | 368,564 | - | - |
| Proceeds from long-term debt | - | - | - |
| Refund of debt | - | - | - |
| Other <i>Premium on bond issue</i> _____ | - | - | - |
| Other _____ | - | - | - |
| Total other financing sources (uses) | \$ (15,068,735) | (331,118) | 1,520,994 |
| Change in fund balance | | | |
| | 5,870,667 | (620,324) | - |
| Fund balance - beginning of year | 33,402,943 | 1,274,722 | - |
| Prior period adjustment | - | - | - |
| Fund balance - end of year | \$ 39,273,610 | \$ 654,398 | \$ - |

| | | Capital Improvement | Debt Service | Other Governmental Funds | Total Governmental Funds | |
|---|--------------------------------|--|---------------------|--------------------------------|--------------------------------|-------------|
| EXPENDITURES | Expenditures: | | | | | |
| | Current: | | | | | |
| | General government | 1,512,567 | 36,105 | 383,687 | 27,235,079 | |
| | Judicial | - | - | 5,592,821 | 38,864,036 | |
| | Public safety | 208,355 | - | 11,911,169 | 14,779,668 | |
| | Corrections | 737,707 | - | - | 35,534,988 | |
| | Public works (Bridges) | 180,731 | - | 1,110,810 | 1,291,541 | |
| | Human services | 6,329,360 | - | 64,475,185 | 206,912,532 | |
| | Culture and recreation | 3,514,263 | - | 12,072,433 | 15,586,696 | |
| | Conservation and development | 3,629,246 | - | - | 8,463,138 | |
| | Debt service: | | | | | |
| | Principal | - | 13,785,739 | - | 13,785,739 | |
| | Interest | - | 15,102,807 | - | 15,102,807 | |
| | Debt issuance costs | - | 682,296 | - | 682,296 | |
| | Capital outlay: | | | | | |
| | Bridges | 8,000 | - | - | 8,000 | |
| | Other | 49,186,537 | - | 1,305,533 | 50,515,485 | |
| | Total expenditures | 65,306,766 | 29,606,947 | 96,851,638 | 428,762,005 | |
| | REVENUES/(EXPENDITURES) | Other financing sources (uses): | | | | |
| | | Interfund operating transfers | (2,329,517) | 3,649,265 | 11,325,146 | (1,602,529) |
| Sale of capital assets | | - | - | - | 368,564 | |
| Proceeds from long-term debt | | 115,000,000 | 63,445,000 | - | 178,445,000 | |
| Refund of debt | | - | (65,297,000) | - | (65,297,000) | |
| Other <i>Premium on bond issue</i> | | - | 2,391,371 | - | 2,391,371 | |
| Other | | - | - | - | - | |
| Total other financing sources (uses) | 112,670,483 | 4,188,636 | 11,325,146 | 114,305,406 | | |
| Change in fund balance | 49,977,729 | 6,207,611 | (637,064) | 60,798,619 | | |
| Fund balance - beginning of year | 44,430,495 | 15,973,831 | 10,443,758 | 105,525,749 | | |
| Prior period adjustment | - | - | - | - | | |
| Fund balance - end of year | \$ 94,408,224 | \$ 22,181,442 | \$ 9,806,694 | \$ 166,324,368 | | |

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COUNTY OF CHESTER, PENNSYLVANIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

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

Net changes in fund balances - total governmental funds (from page 10)

\$ 60,798,619

The net revenue of certain activities of the internal services fund is reported with governmental activities

3,327,366

The issuance of long-term debt (e.g. bonds, leases) 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 assets. Additionally, various other long-term liabilities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount is the net effect of the differences in the treatment of long-term liabilities on the statement of activities.

(106,018,598)

The difference in the change in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods.

330,753

The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets.

43,716,081

Change in Net Assets of Governmental Activities

\$ 2,154,221

COUNTY OF CHESTER, PENNSYLVANIA
Statement of Net Assets
Proprietary Funds
December 31, 2007

| | Business-type Activities | Governmental Activities |
|--|-------------------------------------|------------------------------------|
| | Enterprise Fund Pocopson | Internal Service Funds |
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 204,938 | \$ 16,235,603 |
| Investments | - | 503,606 |
| Receivables (net of allowances for uncollectibles) | 4,116,695 | 311,609 |
| Due from other governments | 119,776 | - |
| Due from other funds | - | - |
| Inventories | 93,499 | - |
| Prepays | 31,907 | 2,018,000 |
| Deferred charges | 6,248 | - |
| Restricted assets: | | |
| Temporarily restricted: | | |
| Cash and cash equivalents | - | - |
| Other | - | - |
| Other | - | - |
| Total current assets | 4,573,063 | 19,068,818 |
| Noncurrent assets: | | |
| Permanently restricted: | | |
| Cash and cash equivalents | 313,618 | - |
| Capital assets not being depreciated: | | |
| Construction in process | 1,807,315 | - |
| Capital assets net of accumulated depreciation: | | |
| Buildings and system | 2,519,266 | - |
| Improvements other than buildings | 33,234 | - |
| Machinery and equipment | 675,872 | 1,059,601 |
| Other | - | - |
| Other | - | - |
| Total noncurrent assets | 5,349,305 | 1,059,601 |
| Total assets | \$ 9,922,368 | \$ 20,128,419 |

| CURRENT LIABILITIES | | Business-type Activities | Governmental Activities |
|---------------------|--|-------------------------------------|------------------------------------|
| | | Enterprise Fund Pocopson | Internal Service Funds |
| | Liabilities: | | |
| | Current liabilities: | | |
| | Accounts payable | \$ 265,902 | \$ 2,979,392 |
| | Due to other governments | - | - |
| | Due to other funds | 4,275,927 | - |
| | Funds held as fiduciary | 307,739 | - |
| | Other liabilities | - | 168,371 |
| | Debt due in less than 1 year | 53,901 | - |
| | Noncurrent liabilities due in less than 1 year | 448,919 | 2,619,034 |
| | Other <i>Accrued liabilities</i> | 328,768 | 5,079 |
| | Other <i>Capital leases payable</i> | - | 703,584 |
| | Total current liabilities | 5,681,156 | 6,475,460 |

| NON-CURRENT LIABILITIES | | | |
|-------------------------|--|--------------------------------|------------------|
| | | Noncurrent liabilities: | |
| | Debt due in more than 1 year | 696,381 | - |
| | Noncurrent liabilities due in more than 1 year | 319,712 | 2,146,990 |
| | Other <i>Capital leases payable</i> | - | 356,017 |
| | Other | - | - |
| | Total noncurrent liabilities | 1,016,093 | 2,503,007 |

| | | |
|--------------------------|------------------|------------------|
| Total liabilities | 6,697,249 | 8,978,467 |
|--------------------------|------------------|------------------|

| NET ASSETS | | | |
|------------|---|--------------------|-------------------|
| | | Net assets: | |
| | Invested in capital assets, net of related debt | 4,285,405 | - |
| | Restricted | 68,482 | - |
| | Unrestricted | (1,128,768) | 11,149,952 |
| | Total net assets | 3,225,119 | 11,149,952 |

| | | |
|--|---------------------|----------------------|
| TOTAL NET ASSETS | 3,225,119 | \$ 11,149,952 |
| Adjustments to relect the consolidation of internal service fund activities related to enterprise funds. | 1,712,394 | |
| Net assets of business-type activities | \$ 4,937,513 | |

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COUNTY OF CHESTER, PENNSYLVANIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

| OPERATING REVENUES | | Business-type Activities | Governmental Activities |
|-------------------------------------|--|-------------------------------------|------------------------------------|
| | | Enterprise Fund Pocopson | Internal Service Funds |
| | Operating revenues: | | |
| | Charges for service | \$ 21,540,895 | \$ 33,677,555 |
| | Operating grants | - | - |
| | Other <u>Miscellaneous</u> | 31,960 | 656,647 |
| | Other _____ | - | - |
| | Total operating revenues | 21,572,855 | 34,334,202 |
| OPERATING EXPENSES | Operating expenses: | | |
| | Personal services | 18,415,237 | 520,128 |
| | Contracted services | - | - |
| | Supplies and materials | - | - |
| | Repairs and maintenance | - | - |
| | Utilities | - | - |
| | Other services and charges | 3,753,204 | 8,455,712 |
| | Depreciation and amortization | 434,380 | 1,028,386 |
| | Other <u>Indirect costs</u> | 1,318,728 | 64,092 |
| | Other <u>Self insurance claims</u> | 169,680 | 21,651,307 |
| | Total operating expenses | 24,091,229 | 31,719,625 |
| | Operating income (loss) | (2,518,374) | 2,614,577 |
| NONOPERATING REVENUES/(EXPENSES) | Nonoperating revenues (expenses): | | |
| | Investment earnings | 7,418 | 975,711 |
| | Interest expense | (37,654) | (1,174) |
| | Other _____ | - | - |
| | Other _____ | - | - |
| | Total nonoperating revenues (expenses) | (30,236) | 974,537 |
| | Operating transfer in/(out) | 2,551,997 | - |
| | Change in net assets | 3,387 | 3,589,114 |
| | Net assets - beginning of year | 3,221,732 | 7,560,838 |
| | Prior period adjustment | - | - |
| | Net assets - end of year | \$ 3,225,119 | \$ 11,149,952 |
| | Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds | 261,771 | |
| | Change in net assets of business-type activities | \$ 265,158 | |

COUNTY OF CHESTER, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET ASSETS
 Fiduciary Funds
 December 31, 2007

| | Employee Retirement Trust Fund | Tax Claim Agency Fund | Row Office Agency Fund | Hotel Tax Agency Fund | Total Fiduciary |
|--|--------------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 8,033,042 | \$ 1,306,507 | \$ 9,539,023 | \$ 122,205 | \$ 19,000,777 |
| Receivables | 302,833 | - | - | - | 302,833 |
| Investments, at fair value | 255,299,128 | 40,738 | - | 3,810 | 255,343,676 |
| Due from other funds | - | - | - | - | - |
| Restricted assets: | - | - | - | - | - |
| Temporarily restricted: | - | - | - | - | - |
| Cash and cash equivalents | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Permanently restricted: | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other <i>Agency tax/interest receivables</i> | - | 12,265,312 | - | - | 12,265,312 |
| Other <i>Hotel tax receivable</i> | - | - | - | 132,417 | 132,417 |
| Total assets | 263,635,003 | 13,612,557 | 9,539,023 | 258,432 | 287,045,015 |

| | | | | | |
|--|----------------|----------------------|---------------------|-------------------|----------------------|
| Liabilities: | | | | | |
| Accts. Pay. & other curr. Liabilities | 198,426 | - | 6,139,059 | - | 6,337,485 |
| Due to other funds | - | - | - | - | - |
| Due to other governments | - | - | 3,399,964 | - | 3,399,964 |
| Funds held as fiduciary | - | - | - | - | - |
| Other <i>Due to taxing authorities</i> | - | 13,612,557 | - | - | 13,612,557 |
| Other <i>Hotel tax payable</i> | - | - | - | 258,432 | 258,432 |
| Other | - | - | - | - | - |
| Total liabilities | 198,426 | \$ 13,612,557 | \$ 9,539,023 | \$ 258,432 | \$ 23,608,438 |

| | | | | | |
|---------------------------|-----------------------|----------|----------|----------|-----------------------|
| Net assets: | | | | | |
| Held for specific purpose | 263,436,577 | - | - | - | 263,436,577 |
| Unrestricted (deficit) | - | - | - | - | - |
| Other | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total net assets | \$ 263,436,577 | - | - | - | \$ 263,436,577 |

COUNTY OF CHESTER, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiduciary Funds
Year ended December 31, 2007

| ADDITIONS | | Employee Retirement Trust Fund |
|-------------------|---|---|
| | Additions: | |
| | Contributions: | |
| | Employer | \$ 7,847,367 |
| | Plan members | 6,034,203 |
| | Other _____ | - |
| | Total contributions | 13,881,570 |
| | Investment earnings: | |
| | Interest | 3,451,969 |
| | Net increase (decrease) in fair value of investments | 10,823,077 |
| | Other <u>Dividends</u> | 2,988,690 |
| | Total investment earnings | 17,263,736 |
| | Less investment expense | 978,233 |
| | Net investment earnings | 16,285,503 |
| | Total additions | 30,167,073 |
| DEDUCTIONS | | |
| | Deductions: | |
| | Benefit payments | 11,685,331 |
| | Administrative expenses | - |
| | Other <u>Refund of employee contributions</u> | 974,691 |
| | Other <u>Interest on refund of employee contributions</u> | 219,152 |
| | Total deductions | 12,879,174 |
| | Change in net assets | 17,287,899 |
| | Net assets - beginning of year | 246,148,678 |
| | Prior period adjustment | - |
| | Net assets - end of year | \$ 263,436,577 |

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STATEMENT OF CAPITAL EXPENDITURES

| GOVERNMENTAL-TYPE/BUSINESS-TYPE ACTIVITY | GOVERNMENTAL-TYPE ACTIVITY: | | |
|--|------------------------------------|----------------------|----------------------|
| | Capital Purchases | Capital Construction | Total |
| General government | \$ 7,006,781 | \$ 125,433 | \$ 7,132,214 |
| Judicial government | 83,650 | 30,021,592 | 30,105,242 |
| Public safety | 1,734,492 | 4,179,141 | 5,913,633 |
| Corrections | 95,831 | 8,866,932 | 8,962,763 |
| Public works | 92,413 | 188,501 | 280,914 |
| Human services | 393,881 | | 393,881 |
| Culture and recreation | 2,759,699 | 145,468 | 2,905,167 |
| Conservation and development | 6,987,067 | - | 6,987,067 |
| BUSINESS-TYPE ACTIVITY: | | | |
| Enterprise fund - Pocopson Home | 425,527 | 1,102,448 | 1,527,975 |
| TOTAL CAPITAL EXPENDITURES | \$ 19,579,341 | \$ 44,629,515 | \$ 64,208,856 |

| EMPLOYEE COMPENSATION | EMPLOYEE COMPENSATION | |
|---|-------------------------------|-----------------------|
| | EMPLOYEE COMPENSATION: | |
| Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials) | | \$ 111,611,567 |

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DEBT STATEMENT

| Purpose | Bond(B) Note(N) | Issue Date | Maturity Date | Original Amount of Issue | Outstanding January 1st | Issued During Year | Principal Paid This Year | Interest Paid This Year | Outstanding December 31st | Plus/Minus Unamortized Prem.(Disc.) | Total Balance |
|--|--------------------|---------------|------------------|-----------------------------|----------------------------|-----------------------|-----------------------------|----------------------------|------------------------------|---|--------------------|
| GENERAL OBLIGATION BONDS AND NOTES | | | | | | | | | | | |
| Refund 1995 note for Info. Tech., Open Space and Facilities Impr. | B | 1998 | 2018 | 30,000,000 | 2,820,000 | - | (1,375,000) | 106,625 | 1,445,000 | - | \$ 1,445,000 |
| Partial refunding of 1995 bonds. | B | 1999 | 2016 | 24,390,000 | 21,740,000 | - | (1,780,000) | 976,658 | 19,960,000 | - | \$ 19,960,000 |
| Refund 1998 bond for various capital projects. | B | 2001 | 2022 | 65,550,000 | 27,180,000 | - | (3,035,000) | 1,266,010 | 24,145,000 | - | \$ 24,145,000 |
| Refund 2000 note and 2000 series B note. | B | 2003 | 2020 | 21,675,000 | 17,605,000 | - | (1,070,000) | 624,965 | 16,535,000 | 75,785 | \$ 16,610,785 |
| Refund 1993 bond. | N | 2003 | 2011 | 22,922,000 | 16,416,000 | - | (2,937,000) | - | 13,479,000 | - | \$ 13,479,000 |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings. | B | 2004 | 2022 | 24,265,000 | 20,975,000 | - | (1,645,000) | 872,661 | 19,330,000 | 685,065 | \$ 20,015,065 |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings. | N | 2005 | 2016 | 65,297,000 | 65,297,000 | - | (65,297,000) | 424,800 | - | - | \$ - |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings.and refund 2001 and 2002 notes. | B | 2005 | 2024 | 84,685,000 | 3,180,000 | - | (5,000) | 119,395 | 3,175,000 | 174,036 | \$ 3,349,036 |
| Partial advance refunding of 1998 and 2001 bonds. | B | 2005 | 2022 | 44,750,000 | 44,715,000 | - | (60,000) | 2,171,345 | 44,655,000 | 2,685,816 | \$ 47,340,816 |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings. | N | 2006 | 2020 | 68,500,000 | 68,500,000 | - | (1,355,000) | - | 67,145,000 | - | \$ 67,145,000 |
| To advance refund a portion of the 2003 and 2005 bonds. | B | 2006 | 2024 | 86,725,000 | 86,725,000 | - | (575,000) | 3,564,277 | 86,150,000 | 979,970 | \$ 87,129,970 |
| Refund 2005 note series A & B. | B | 2007 | 2027 | 63,445,000 | - | 63,445,000 | - | - | 63,445,000 | 2,391,371 | \$ 65,836,371 |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings. | N | 2007 | 2028 | 50,000,000 | - | 50,000,000 | - | - | 50,000,000 | - | \$ 50,000,000 |
| To fund open space, Ag. Pres., Const. And Imp. Co. Buildings. | N | 2007 | 2020 | 65,000,000 | - | 65,000,000 | - | - | 65,000,000 | - | \$ 65,000,000 |
| REVENUE BONDS AND NOTES | | | | | | | | | | | |
| | | | | | | | | | | | |
| LEASE RENTAL DEBT | | | | | | | | | | | |
| Computer Leases | | 2005 | 2007 | 977,929 | 325,977 | - | 325,977 | - | - | - | \$ - |
| Computer Leases | | 2006 | 2008 | 1,042,711 | 695,141 | - | 347,570 | - | 347,571 | - | \$ 347,571 |
| Computer Leases | | 2007 | 2009 | 1,028,069 | 1,028,069 | 1,028,069 | 356,020 | - | 672,049 | - | \$ 672,049 |
| OTHER | | | | | | | | | | | |
| | | | | | | | | | | | |
| Total bonds and notes outstanding..... | | | | | | | | | | \$ | 474,464,000 |
| Capitalized lease obligations..... | | | | | | | | | | \$ | 1,019,620 |
| Other debt..... | | | | | | | | | | \$ | - |
| TOTAL OUTSTANDING DEBT..... | | | | | | | | | | \$ | 475,483,620 |
| Minus assets held in bond reserve funds, and bond redemption funds | | | | | | | | | | | - |
| Minus lease rental payments receivable..... | | | | | | | | | | | - |
| NET DEBT..... | | | | | | | | | | \$ | 475,483,620 |

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COUNTY OF CHESTER OFFICE OF THE CONTROLLER

2 N. HIGH STREET, SUITE 540, P.O. BOX 2748, WEST CHESTER, PA 19380-0991
TELEPHONE: (610) 344-6155 FAX: (610) 344-6750

VALENTINO F. DIGIORGIO, III
Controller

June 25, 2008

ELECTED CONTROLLER'S CERTIFIED OPINION

To the: Board of County Commissioners
President Judge of the Court of Common Pleas
Secretary of the Department of Community and Economic Development

I, the undersigned, the duly elected and acting Controller of the County of Chester, have audited, adjusted and settled the accounts of the County of Chester for the year ended December 31, 2007. My audit, adjustment, and settlement was made in accordance Act 103 of 2002 rather than with U.S. generally accepted auditing standards.

The County has prepared these financial statements on the basis of accounting consistent with U.S. generally accepted accounting principles; consisting of the accrual basis for the government-wide, proprietary fund and fiduciary fund financial statements and the modified accrual basis for the governmental fund financial statements.

Due to the absence of notes and other disclosures required by U.S. generally accepted accounting principles, these financial statements are not intended to be a complete presentation in accordance with U.S. generally accepted accounting principles.

In my opinion, these financial statements accurately reflect the results of operations and the financial position of the County of Chester for the year ended December 31, 2007.

Signed:

Valentino F. DiGiorgio, III
Controller

Commonwealth of Pennsylvania)
) SS:
County of Chester)

Subscribed and sworn to before me
this 25th day of June, 2008. (Seal)

Signed:
Notary Public
COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cathryn W. Baker, Notary Public
West Chester Boro, Chester County
My Commission Expires Mar. 1, 2010
Member, Pennsylvania Association of Notaries

Notes: