

# County of Lancaster

*PENNSYLVANIA*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2019

COUNTY OF LANCASTER, PENNSYLVANIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

PREPARED BY THE CONTROLLER'S OFFICE

Brian K. Hurter, CPA, Controller  
Kathryn B. Kunkel, Deputy Controller  
Matthew J. Luciani, CPA, Accounting/Auditing Manager  
Rebecca M. Dittenhafer, Systems Administrator

CONTROLLER'S SOLICITOR  
George D. Alspach

COVER PHOTOGRAPH  
Lancaster County Government Center  
Photo by Robert Devonshire, Jr.

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COUNTY OF LANCASTER, PENNSYLVANIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the year ended December 31, 2019

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Brian K. Hurter, CPA

Controller

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Controller

Brian K. Hurter, CPA

June 26, 2020

To the Citizens of the County of Lancaster, Pennsylvania:

The comprehensive annual financial report (CAFR) of the County of Lancaster, Pennsylvania (the County), for the year ended December 31, 2019, is hereby submitted.

The County's management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is accurate and complete in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities are included.

State statutes require that an annual audit be performed by independent certified public accountants. The Lancaster County Commissioners selected SB & Company, LLC. The independent public accountants report on the basic financial statements and give an "in relation to" opinion on the combining and individual fund statements and schedules included in the financial section of this report. The independent public accountants have issued an unmodified report and disclaim an opinion on the introductory and statistical sections of the report.

In addition to meeting the requirements set forth in state statutes, this audit was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits". The single audit for 2019 will be completed by September 30, 2020. Information related to this single audit, including the supplementary schedule of expenditures of federal awards, findings, and recommendations; independent public accountants' reports on internal control and compliance with applicable laws and regulations; and major program requirements, will be included in a separately issued single audit report.



Management's Discussion and Analysis (MD&A) immediately follows the independent public accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is a complement to this letter of transmittal and should be read in conjunction with it.

This report includes all funds and activities of the County and reflects the extensive range of countywide services including, but not limited to, emergency services; health care and social services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events. The report includes the Lancaster County Convention Center Authority as a component unit.

## **Profile of the Government**

On May 10, 1729, Lancaster County became the fourth county in the Commonwealth of Pennsylvania. The county was formed from neighboring Chester County and named for Lancashire in England. Located approximately 60 miles west of Philadelphia and 240 miles east of Pittsburgh, it is in the south-central part of the state and occupies a land area of 946 square miles. Consisting of 60 municipal divisions including the City of Lancaster, 18 boroughs, and 41 townships, Lancaster has been a third-class county since 1962. Home to approximately 545,724 people, Lancaster County is the sixth most populous in the state behind only Philadelphia, Allegheny, Montgomery, Bucks, and Delaware counties.

The County acts as an agent of the Commonwealth for those functions which are specified by state law. To carry out those functions, three county commissioners are elected every four years and may be re-elected. The County Code stipulates that each party may put up no more than two candidates and that each voter may cast a ballot for only two commissioner candidates. The three receiving the highest number of votes are elected. This ensures that the commissioners are not all from the same political party. In addition to having limited legislative powers, the commissioners serve as the managers and administrators of the county government; name residents to boards, commissions, and authorities; and award contracts. Assisting them are a number of officials elected for four-year terms, who fill the so-called row offices, and numerous appointed deputies and directors. To assist the commissioners with their administrative duties, they appoint a chief clerk who keeps the books and accounts of the Board of County Commissioners, records and files their proceedings and papers, attests all orders and voucher checks issued by them, and performs all other duties pertaining to the office of the chief clerk. Additionally, the chief clerk is responsible for the preparation and monitoring of the annual county budget, contract negotiations, and monitoring the departments under the scope of the county commissioners.

The annual budget serves as the foundation for the County's financial planning and control. The county commissioners must adopt an annual budget for the County by December 31 of each year for the subsequent year. The annual budget estimates revenues and expenditures for all governmental funds except the Community Development Block Grant, the Human Services Block Grant, the Agricultural Land Preservation special revenue funds, and the Capital Projects fund. Project-length financial plans are adopted for all capital projects. The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced

level of control at the function and object level. Supplemental appropriations, which alter the total expenditures of any fund, require resolution by the county commissioners. Appropriations lapse at the end of each year and must be reappropriated.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

## **Local Economy**

Lancaster County's economy has remained strong due to a few key factors. Its economy is very resilient and does not rely on one main sector or company. The County has a large base of manufacturing businesses which account for 15% of the jobs but farms, tourist attractions, downtown Lancaster, and many other industries have all helped to keep our economy steadily growing. According to the Bureau of Labor and Statistics, occupation growth in the County increased 1.8% for the '17-'18 fiscal year, outpacing the growth of both the nation and state. In addition, the population has grown steadily for decades which helps bring new businesses to the area and means there are plenty of workers. The County's unemployment rate of 3.3% remains consistently lower than both the state and national averages of 4.6% and 3.5% respectively. Lancaster City has seen a massive revitalization with the addition of many new businesses and restaurants in the past decade. Most recently some large buildings that have been sitting mostly idle for years like the Stahr Armory and the Bulova building have found new life thanks to significant development and investment. The Stahr Armory is now home to Decades bowling alley and amusement center and the Bulova building is part of a more extensive revitalization of the former Lancaster Square that encompasses several buildings, businesses, and organizations. These factors, plus Lancaster County's tradition of successful businesses built on strong values, make the economy vibrant.

From one perspective, Lancaster County is the land that time left behind. Carefully tilled farms are worked by horse-drawn equipment with animals cared for in cozy barns in much the same way as they have been for generations. But Lancaster County is also on the cutting edge with cows milked by robots and bio-digesters collecting methane gas from manure to produce electricity. It is a land where the productive soil is farmed with the latest precision technologies, using GPS and other tools to help put seed and fertilizer where it can most efficiently be utilized. Agriculture helps to support our economy and attracts tourists from around the world. Farms improve our environment and enhance our quality of life while providing food and fiber for people around the world. Farming in the County is an industry in transition. Farmers have had to learn to diversify with an increase in egg and poultry production, as well as organic vegetables, meat goats, and industrial hemp. They also use stream-bank fencing, riparian buffers, cover crops, no-till planting, and other conservation practices to ensure that the land will be here for future generations. The County is fortunate to have such hard-working farm families that continue to find ways to innovate and adjust to meet the ever-changing market and make agriculture a significant part of our economy.

Lancaster County's strong and resilient tourism sector is a mainstay of the community's ongoing economic success. According to a study commissioned by Discover Lancaster, a nonprofit that promotes tourism in the County, 8.85 million visitors came to the County in 2018, up 2.5% from the prior year. The study also shows that they spent \$2.24 billion last year, up 4.6% from the prior year. That supported 16,968 direct tourism-industry jobs at hotels, restaurants, entertainment venues and the like, up 2.5% from the prior year. With these upturns in the number of tourists, tourist spending, and tourism industry jobs in 2018, these three key measures have improved for nine straight years. High consumer confidence, new food-and-drink venues in downtown Lancaster, the opening of "Jesus" at Sight & Sound Theatres, a new roller coaster at Dutch Wonderland, and an increase of international and sports-related visitors helped to fuel the local tourism industry's growth and contribute to the year-to-year improvement.

## **Major Initiatives**

### **For the Year**

- To help stop the flow of drugs and other contraband into the Lancaster County Prison, a newly acquired Sotor RS body scanner was implemented in July to scan inmates coming into the prison. The scanner can detect contraband concealed either on or inside the body and will aid staff in detecting illicit items before they make their way inside. Prior to implementation of the scanner, contraband had been found in the prison 20 times in 2019, including 15 instances of drugs. Most contraband is found in the commitment area which is where the new scanner is located. All newly committed inmates will be scanned, as well as any currently held inmates that are suspected of hiding contraband. Inmates will also be scanned every time they leave and reenter the prison. Several other changes have been imposed in recent years to stop drugs from getting inside the facility. Inmate greeting cards were converted to an electronic system in the fall of 2018 and the prison ended contact visits in the summer of 2017.
- The Pennsylvania Department of State mandated in April 2018 that all counties update their voting systems by the 2020 primary following warnings from federal authorities that Russian hackers had targeted the state. Lancaster County signed a nearly \$3 million, five-year lease-to-own contract with Hart Intercivic for the Verity 2.3.4 System in June and put it into service in November for the municipal election. The key requirement for the new system was that it have a voter-verifiable paper record for all votes. Most voters noticed little or no change as Hart Intercivic supplied Lancaster's previous system which had been in use since 2006 and most voters were already using paper ballots prior to the new machines.
- Lancaster County Office of Adult Probation and Parole Services drug court program was awarded renewal by the Supreme Court after being the first program in the Commonwealth of Pennsylvania to go through a full re-accreditation process. Accreditation is awarded to programs that adhere to the Ten Key Components of Drug Court and base their operation on evidence based best practices. This is a three-part process involving review of documents developed to guide the operation of the program, verification that team members have met the minimum requirement for training, and observation of the drug court operation.

The program was the first in Pennsylvania to be accredited by the Supreme Court back in 2012. Lancaster County's drug court program has been in operation for over 16 years and has seen great success.

## **For the Future**

- The County is continuing with plans for an approximately \$19 million renovation project to its four-decade-old courthouse. The architectural design for renovations of the 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> floors were completed and contracts were awarded in August. The Courts will occupy the entire 5<sup>th</sup> floor with three judge's chambers, new courtrooms, and administrative offices. The District Attorney will occupy the 6<sup>th</sup> and 7<sup>th</sup> floors with offices, a computer forensic lab, file storage, and conference and training rooms. Additional offices for deputy district attorneys will encompass much of the space. Construction began in September with anticipated completion and occupancy in 2021.
- The Pennsylvania Department of Human Services Office of Children, Youth, and Families has proposed changes to the child welfare regulations (3130's) which will reduce the caseload size for caseworkers to a 1:20 ratio and the supervisor to caseworker ratio assignment to 4:1. The legislative process will take place in early 2020. The regulation changes would take effect in the fall of 2020 or early 2021. The Lancaster County Children and Youth Agency is anticipating these changes and will need to increase staff positions, as well as identify more office space to accommodate the new staff.
- The Lancaster County Parks and Recreation Department in coordination with Facilities Maintenance have come up with a plan to convert the aging Buchmiller Park tennis courts into pickleball courts. The construction of the new courts will be completed in the spring of 2020. Options will be explored for installation of a PVC liner in the County swimming pool as a means of renovating the aging shell.

## **Financial Policies**

The Lancaster County Commissioners have not formally adopted an investment policy governing County investments; however, the County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania for the County's investments.

The Lancaster Retirement Board has formally adopted an investment policy governing the Pension Trust Fund investments.

The Lancaster County Commissioners have formally adopted purchasing policies encompassing legal compliance and encouraging competitive and economical procurement of goods and services.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Lancaster for its comprehensive annual financial report for the year ended December 31, 2018. To be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized comprehensive annual financial report, which conformed to program standards. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. This is the thirtieth consecutive year that the County has been awarded the Certificate of Achievement for Excellence in Financial Reporting.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Controller's office staff, the cooperation of all County departments, various elected and appointed officials, and the assistance of our independent public accountants, SB & Company, LLC. We appreciate the contributions made in the preparation of this report.

A handwritten signature in black ink, appearing to read "BKS, CPA". The signature is stylized and written in a cursive-like font.

Brian K. Hurter, CPA  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Lancaster**  
**Pennsylvania**

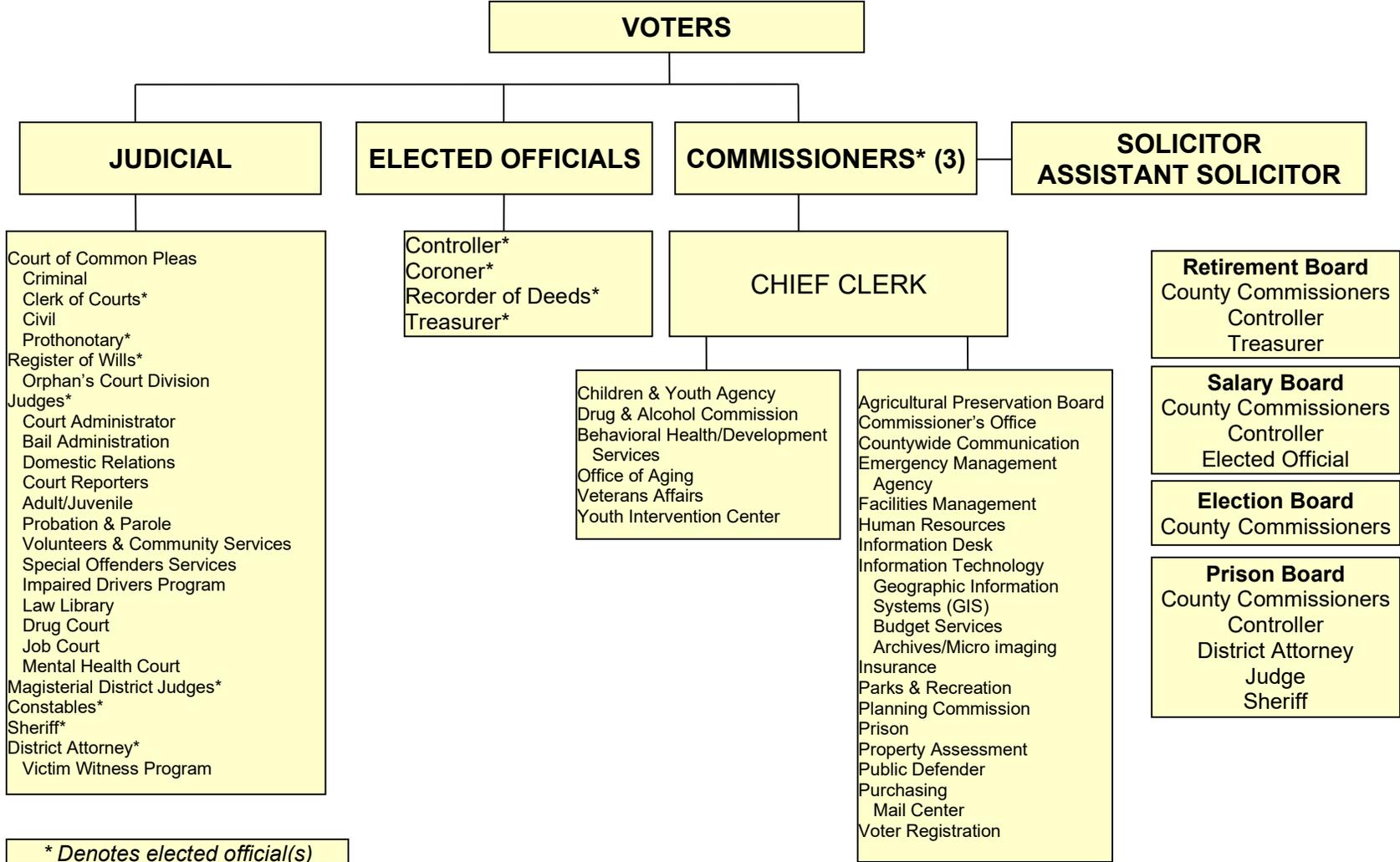
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrell*

Executive Director/CEO

# LANCASTER COUNTY ORGANIZATIONAL CHART – THIRD-CLASS COUNTY



**2019  
County of Lancaster  
List of Principal Officials**

**Elected Officials**

**COMMISSIONERS**

Joshua G. Parsons, Chairman  
Dennis P. Stuckey, Vice Chairman  
Craig E. Lehman

**CLERK OF COURTS OF COMMON PLEAS**

Jacquelyn E. Pfursich

**CONTROLLER**

Brian K. Hurter

**CORONER**

Stephen G. Diamantoni

**JUDGES OF COURT OF COMMON PLEAS**

Dennis E. Reinaker, President Judge  
David L. Ashworth  
Leonard G. Brown, III  
Jeffrey A. Conrad  
James P. Cullen  
Christopher A. Hackman  
Howard F. Knisely  
Margaret C. Miller  
Jeffrey J. Reich  
Merrill M. Spahn, Jr.  
Thomas B. Sponaugle  
Donald R. Totaro  
David R. Workman  
Jeffery D. Wright

**DISTRICT ATTORNEY**

Craig W. Stedman

**PROTHONOTARY**

Katherine E. Wood-Jacobs

**RECORDER OF DEEDS**

Ann M. Hess

**REGISTER OF WILLS**

Anne L. Cooper

**SHERIFF**

Christopher R. Leppler

**TREASURER**

Amber L. Martin

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**SB & COMPANY, LLC**  
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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Management and County Commissioners  
County of Lancaster, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Lancaster (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lancaster County Convention Center Authority. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lancaster County Convention Center Authority, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**S B & COMPANY, LLC**  
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### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the required supplementary schedule of changes in the County’s net pension liability and related ratios, schedule of County contributions and schedule of investment returns for the County of Lancaster, Pennsylvania, Employee Retirement Plan, the schedule of changes in the County’s net other post-employment benefits liability and related ratios, and the required supplementary schedules of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis for the General Fund, Children and Youth Services Fund, Behavioral Health and Developmental Services Fund and Domestic Relations Special Revenue Fund 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The introductory section, statistical section, and combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules as listed in the table of contents 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 and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Owings Mills, Maryland  
June 26, 2020

A handwritten signature in black ink that reads "S.B. &amp; Company, LLC".

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This section of the County of Lancaster's (the County) comprehensive annual financial report presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2019. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to financial statements to obtain a thorough understanding of the County's financial condition as of December 31, 2019.

### **FINANCIAL HIGHLIGHTS**

- ✓ The County's 2019 real estate property tax millage rate remained unchanged at 2.911.
- ✓ The County's budget for 2019 was a structurally balanced budget for the seventh consecutive year.
- ✓ The County's bond rating remained at Aa3 for the 2019 series.
- ✓ The County's net position increased \$15.4 million in 2019 to \$(13.7) million.
- ✓ The County's unrestricted deficit was \$160.2 million as of December 31, 2019 compared to an unrestricted deficit of \$158.2 million as of December 31, 2018.
- ✓ The County's total General Fund balance increased \$4.4 million during 2019 to \$43.1 million.
- ✓ The County's total General Fund balance at December 31, 2019 included an unassigned fund balance of \$31.3 million. The unassigned fund balance increased \$7.1 million during 2019.
- ✓ The County's General Fund operating cash balance increased \$4.2 million during 2019 to \$42.5 million.
- ✓ As of December 31, 2019, the County had \$185.9 million of total debt service commitments outstanding. This represents a decrease of \$5.1 million, or 2.7%, from the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements), other required supplementary information, and a section that presents combining and individual fund statements and schedules. The basic financial statements present two different views of the County using government-wide statements and fund financial statements. The diagram on the following page shows how the required components of the financial section of this comprehensive annual financial report are arranged and relate to one another.

The first two basic financial statements are *government-wide financial statements* that provide information about the County's overall financial status, as well as the financial status of the County's component unit. The remaining basic financial statements are *fund financial statements* that focus on major funds of County government, reporting the County's operations in more detail than the government-wide statements. The fund financial statements include:

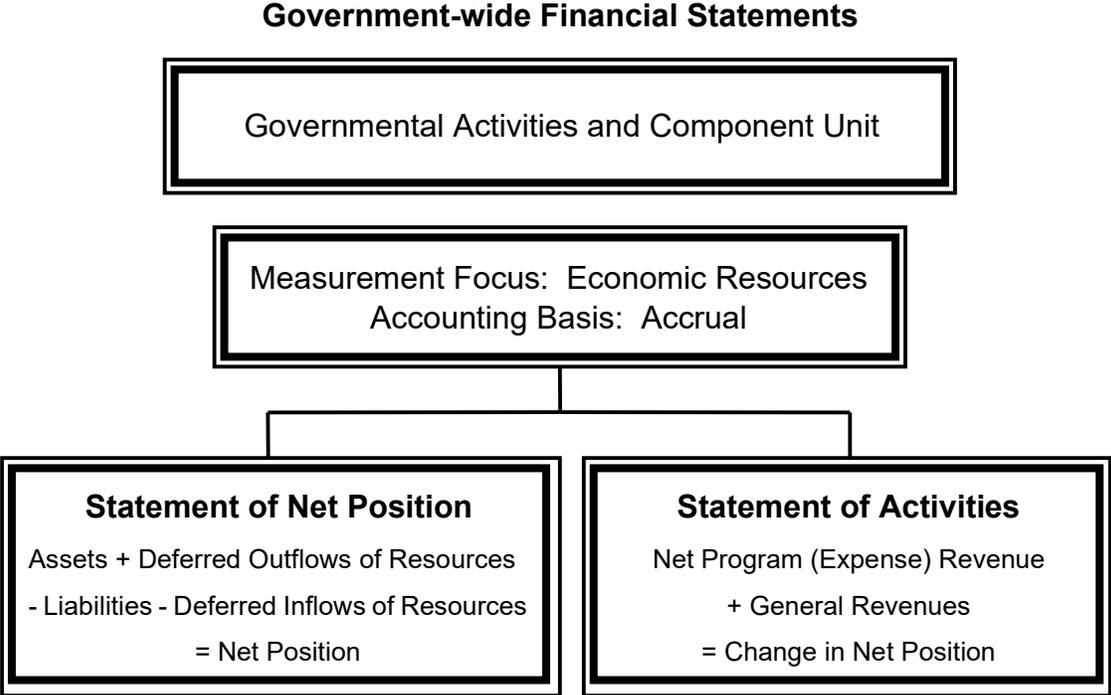
- ◆ *Governmental funds financial statements* which explain how services such as public safety were financed in the short term, as well as what remains for future spending.
- ◆ *Fiduciary funds financial statements* that reflect activities involving resources that are held by the County as a trustee or agent for parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

The basic financial statements also include notes to the financial statements that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. In addition to the basic financial statements and notes, the required supplementary information includes: the schedule of contributions to other post-employment benefits and other post-employment benefit funding progress; the schedule of contributions to the County pension plan, schedule of changes in the pension liability and related ratios, and investment returns; the County's budget for the General Fund; and the County's budget for each major budgeted special revenue fund. In addition to these required elements, a section is included with combining and individual fund statements that provide particulars about nonmajor governmental funds.

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the County as a whole and its component unit using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram.



The statement of net position includes all the County’s assets, liabilities, and deferred outflows and inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. The statement of activities focuses on how the County’s net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid. Net position is one way to measure the County’s financial health, or position. Over time, increases or decreases in the County’s net position are one indicator of whether the County’s financial position is improving or deteriorating. However, other non-financial factors such as changes in the County’s real property tax base and general economic conditions must be considered to assess the overall position of the County.

The government-wide financial statements of the County are divided into two categories:

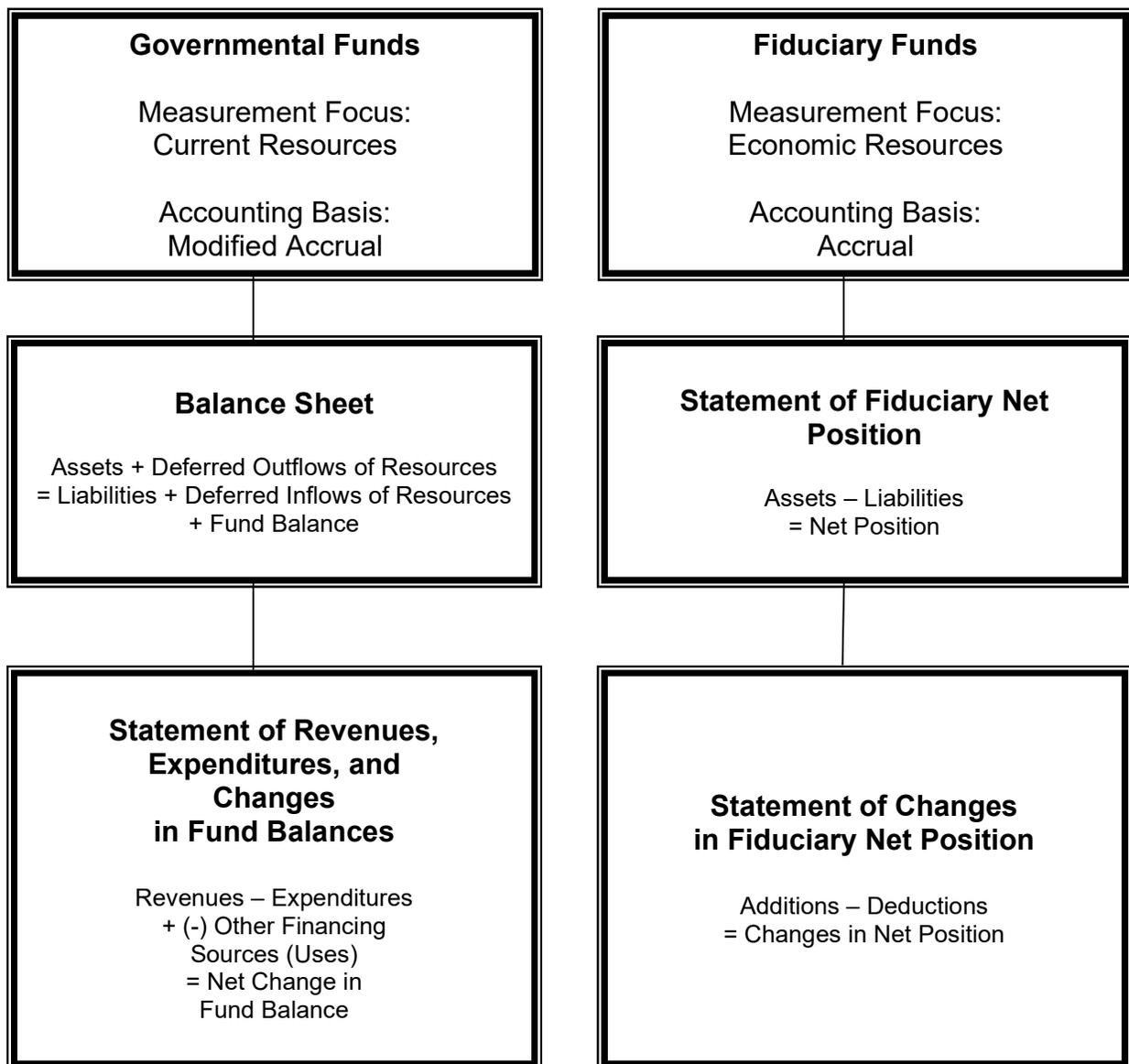
- ◆ *Governmental activities* – All the County’s basic services are included here, such as public safety, public works, health and welfare, and general government administration. Property and other such taxes and state and federal grants are the primary funding source of these activities.
- ◆ *Component Unit* – The County includes one other entity – the Lancaster County Convention Center Authority. \*

\*See separate report as mentioned in the notes to the financial statements.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's funds with an emphasis on major funds, not the County as a whole. Funds are accounting groups that the County uses to keep track of specific sources of funding and spending for particular purposes. State law requires some funds, while other funds are established to control and manage resources designated for specific purposes. The following diagram presents the major features of the fund financial statements, including the types of information contained therein.

### Fund Financial Statements



The County has two types of funds:

- *Governmental funds* – Most of the County’s basic services are included in governmental funds, which focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County’s programs. The County maintains the following major governmental funds: the General Fund, Behavioral Health and Developmental Services special revenue fund, Children and Youth Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund. The County also maintains five nonmajor special revenue funds that are combined into a single aggregated presentation. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the fund and government-wide financial statements.
- *Fiduciary funds* – The County is the trustee, or fiduciary, for its employees’ pension plan. In addition, the County is also responsible for an agency fund, which represents clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible for ensuring that the assets reported in the fund are used for their intended purpose. All of the County’s fiduciary asset and liability balances are reported in the statement of fiduciary net position. A statement of changes in fiduciary net position is also presented. All fiduciary activities are excluded from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County presents its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities to measure the results of the year's activities.

### NET POSITION:

The County's net position as of December 31, 2019 and 2018 is presented below:

<p>Table A-1  <b>County Net Position for the years ending December 31, 2019 and 2018</b>  (amounts in millions)</p>
---

	2019	2018
Capital assets, net	\$ 290.9	\$ 286.6
Other assets	104.1	96.4
<b>Total assets</b>	<b>395.0</b>	<b>383.0</b>
Deferred outflows of resources	17.8	32.6
<b>Total deferred outflows of resources</b>	<b>17.8</b>	<b>32.6</b>
Other liabilities	21.8	24.6
Long-term liabilities	357.8	404.1
<b>Total liabilities</b>	<b>379.6</b>	<b>428.7</b>
Deferred inflows of resources	46.9	16.0
<b>Total deferred inflows of resources</b>	<b>46.9</b>	<b>16.0</b>
Net position (deficit):		
Net investment in capital assets	109.3	93.7
Restricted	37.2	35.4
Unrestricted (deficit)	(160.2)	(158.2)
<b>Total net position</b>	<b>\$ (13.7)</b>	<b>\$ (29.1)</b>

Net position of the County's governmental activities increased \$15.4 million to \$(13.7) million. This increase was primarily the result of the County going from having a net pension liability of \$33.7 million to a net pension asset of \$1.1 million.

Of the \$13.7 million deficit, \$109.3 million represents the balance of net investments in capital assets, while \$37.2 million is restricted for various purposes. The County has an unrestricted deficit balance of \$160.2 million at the end of the year. Lancaster County's total assets stand at \$395.0 million and deferred outflows of resources stand at \$17.8 million as of December 31, 2019. Of the total assets, \$290.9 million is accounted for by capital assets, which includes some infrastructure.

The following table presents the County's changes in net position for the fiscal years ending December 31, 2019 and 2018:

<p>Table A-2  <b>County's Changes in Net Position for  the years ending December 31, 2019 and 2018</b>  (amounts in millions)</p>
---

	2019	2018
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 32.0	\$ 33.5
Operating grants and contributions	158.1	203.4
<b>General revenues:</b>		
Property taxes	122.4	121.6
Unrestricted investment earnings	2.4	1.7
<b>Total revenues</b>	<b>314.9</b>	<b>360.2</b>
<b>Expenses:</b>		
General government	49.0	55.7
Public safety	13.8	13.4
Roads and bridges	0.9	0.8
Health, education, and welfare	141.0	186.5
Judicial	49.8	47.8
Corrections	29.6	28.6
Cultural and recreation	2.3	2.5
Community development	5.6	3.1
Interest on long-term debt	7.5	8.0
<b>Total expenses</b>	<b>299.5</b>	<b>346.4</b>
<b>Change in net position</b>	<b>15.4</b>	<b>13.8</b>
<b>Net position – beginning</b>	<b>(29.1)</b>	<b>*(42.9)</b>
<b>Net position – ending</b>	<b>\$ (13.7)</b>	<b>\$ (29.1)</b>

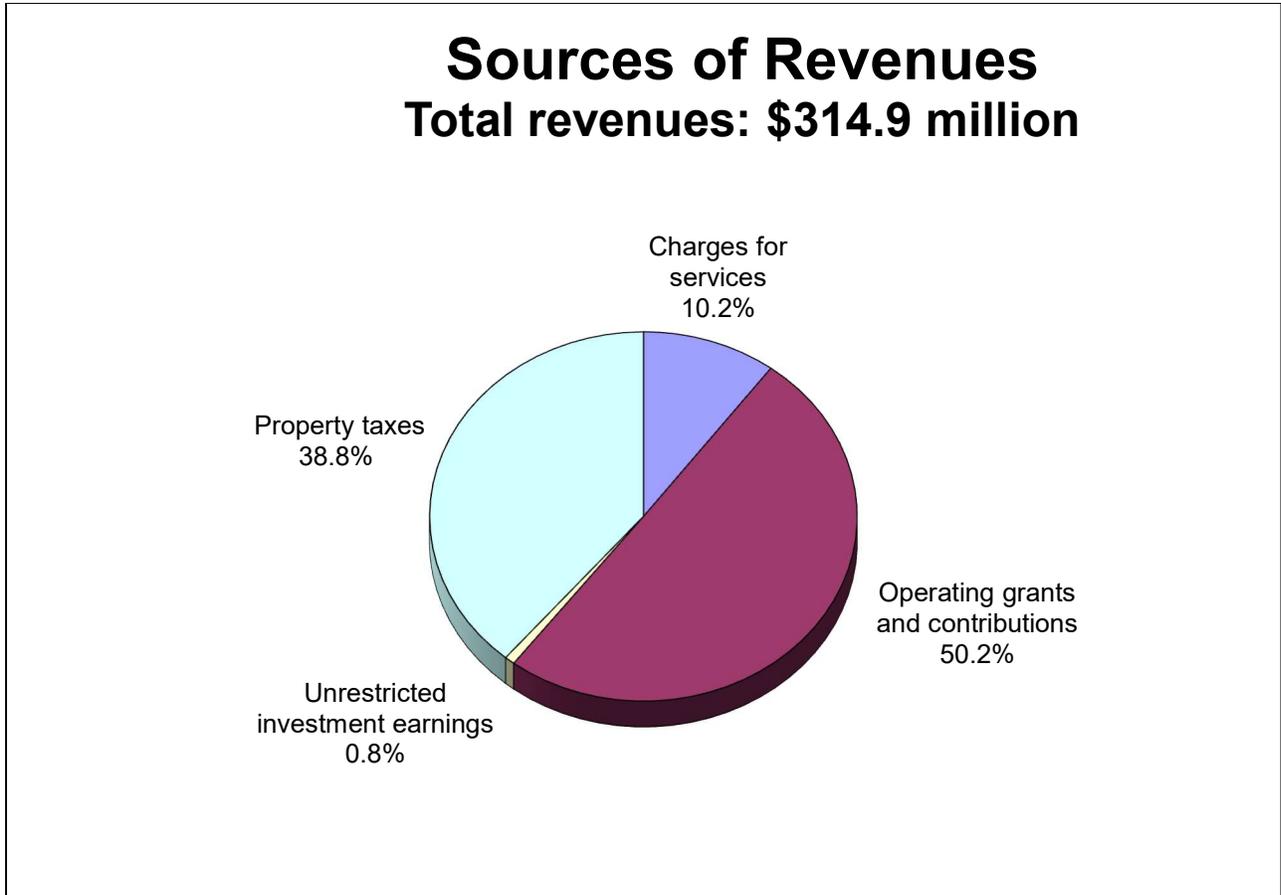
\*As restated

The County adopted GASB 75 "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pension" on January 1, 2018. This had a material impact on the County's financial statements and is the reason for the restatement of the beginning net position for 2018, as well as the decrease in the ending net position as of December 31, 2018.

See pages 22 through 27 for details of these amounts and explanations of changes.

**GOVERNMENTAL ACTIVITIES:**

The following chart graphically depicts the sources of revenues for the year ended December 31, 2019:

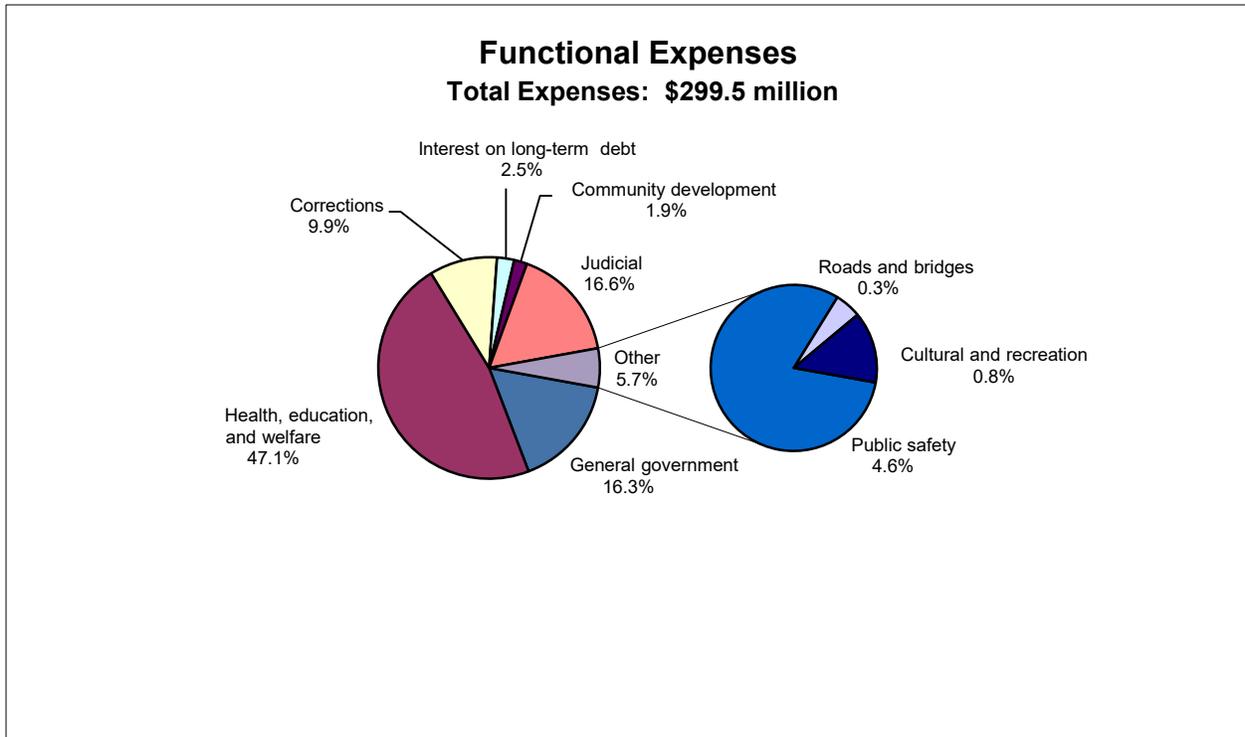


Total government-wide revenues of \$314.9 million were derived primarily from operating grants and contributions, representing 50.2% of the total. Property taxes made up the second largest source of revenue at 38.8%, followed by charges for services at 10.2% and unrestricted investment earnings at 0.8%.

See pages 24 through 27 for details of these amounts and explanations of changes to revenues.

## GOVERNMENTAL ACTIVITIES:

The following chart graphically depicts the functional expenses for the year ended December 31, 2019:



Total expenses for all programs in 2019 were \$299.5 million. The expenses cover a wide range of services, with the largest being health, education, and welfare at 47.1%. The second largest program area was judicial at 16.6%, followed by general government at 16.3%, corrections at 9.9%, other (cultural and recreation, public safety, and roads and bridges) at 5.7%, interest on long term debt at 2.5%, and community development at 1.9%.

See pages 24 through 27 for details of these amounts and explanations of changes to expenses.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

### **GOVERNMENTAL FUNDS:**

The General Fund, the Children and Youth Services special revenue fund, the Behavioral Health and Developmental Services special revenue fund, the Domestic Relations special revenue fund, the Capital Projects special revenue fund, and the Human Services Block Grant special revenue fund make up the County's major 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 County's financing requirements. In particular, spendable (both restricted and unrestricted) fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2019, the General Fund reported a fund balance of \$43.1 million, which was a \$4.4 million or 11.4% increase over the previous year's balance of \$38.7 million. This increase was the result of 99.5% of budgeted revenues being collected while only 94.4% of budgeted expenditures were spent. Revenues increased from \$159.5 million to \$160.7 million, a \$1.2 million or 0.8% increase. This was the result of an increase in real estate taxes due to natural growth of the tax base and an increase in investment earnings due to higher than anticipated interest rates. Expenditures increased from \$140.6 million to \$146.5 million, which was a \$5.9 million or 4.2% increase. This increase was the result of higher capital outlay costs due to upgrades at the Prison, equipment purchases for Lancaster County Wide Communications, new capital lease agreements, and improvements to the Conoy #1 Bridge.

The fund balance in the Children and Youth Services special revenue fund decreased to \$2.6 million as of December 31, 2019, from \$3.6 million, a \$1.0 million or 27.8% decrease. This decrease was the result of Children and Youth Agency collecting 79.1% of their budgeted revenues while spending 92.2% of their budgeted expenses. Revenues decreased from \$37.5 million to \$34.6 million, a \$2.9 million or 7.7% decrease. This is due to a decrease in child placements. Expenditures increased from \$44.3 million to \$44.6 million, an increase of \$0.3 million or 0.7%. This increase was due to higher adoption subsidy costs.

The Behavioral Health and Developmental Services special revenue fund has no fund balance to report. Revenues in this fund decreased to \$91.6 million from \$136.1 million, a decrease of \$44.5 million or 32.7%. Expenditures decreased from \$137.0 million to \$92.6 million, a \$44.4 million or 32.4% decrease. The decrease in both the revenues and expenditures is due to activity in the Health Choices account decreasing by \$46.3 million.

As of December 31, 2019, the Domestic Relations special revenue fund balance was \$13.9 million, as compared to \$13.1 million last year, an increase of \$0.8 million or 6.1%.

This increase was the result of Domestic Relations receiving 120.1% of their budgeted revenue while only spending 91.3% of their budgeted expenses. The revenues remained basically unchanged at \$5.2 million and the expenditures were unchanged at \$6.3 million.

The Capital Projects special revenue fund became a major program in 2019. The fund balance increased from \$3.7 million at December 31, 2018 to \$11.4 million at December 31, 2019, a \$7.7 million or 208.1% increase. This increase was the result of the issuance of General Obligation Bonds, Series 2019. Revenues increased from \$0.1 million to \$0.3 million, a \$0.2 million or 200.0% increase. This increase is due to more interest being earned during 2019. Expenditures increased from \$2.7 million to \$4.8 million, an increase of \$2.1 million or 77.7%. This increase was due to the start of renovations on the Courthouse.

The Human Services Block Grant special revenue fund has no fund balance to report. The revenues remained unchanged from last year while the expenditures decreased from \$0.3 million at December 31, 2018 to \$0.1 million at December 31, 2019, a decrease of \$0.2 million or 66.7%. This decrease was the result of less monies being spent on the Human Services Development Fund (HSDF) due to a vacant position and a contract that expired.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board of County Commissioners revised the County budget several times. These budget amendments fall into two categories:

- Amendments to appropriations approved shortly after the beginning of the year to reflect budget carryovers from the prior year.
- Increases in appropriations based on supplemental funding sources.

The County's original revenue budget increased from \$163.0 million to \$163.9 million, an increase of \$0.9 million or 0.6%. Actual revenues received totaled \$163.1 million or 99.5% of the final budget. Intergovernmental revenues were \$1.0 million lower than the final budgeted amounts due to the Planning Department receiving less in transportation grants and Juvenile Probation receiving less than they anticipated. Departmental revenues were \$0.6 million lower than the budgeted amounts due to fewer real estate and writ fees being collected by the Sheriff's Office.

The County's original operating expenditure budget, excluding transfers, increased from \$153.4 million to \$154.8 million, an increase of \$1.4 million or 0.9%. Actual expenditures were \$146.2 million or 94.4% of the final budget due to cost saving measures implemented during 2019.

Differences between the original General Fund budget and the final amended budget were primarily the result of budget resolutions for various grants that the County received.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS:

The County's investment in capital assets as of December 31, 2019, net of accumulated depreciation, amounted to \$290.9 million. Capital assets consist primarily of land and improvements, buildings and improvements, furniture and equipment, infrastructure, and easements. The following is a summary of capital assets as of December 31, 2019 and 2018:

<b>Summary of Capital Assets</b>		
	<b>2019</b>	<b>2018</b>
Land	\$ 5,275,585	\$ 5,275,585
Buildings and improvements	214,195,271	211,899,789
Improvements other than buildings	1,849,019	1,877,519
Furniture and equipment	56,454,336	56,061,626
Infrastructure	30,338,617	26,191,955
Easements	108,365,638	106,858,878
Less accumulated depreciation	(125,566,109)	(121,548,437)
Total	<u>\$ 290,912,357</u>	<u>\$ 286,616,915</u>

Total capital assets increased from \$286.6 million to \$290.9 million, an overall increase of \$4.3 million or 1.5%. The significant elements of this increase include a \$4.1 million increase in infrastructure due to the replacement of the Big Conestoga #7 bridge and a \$2.3 million increase in buildings and improvements due to renovations to the 6<sup>th</sup> and 7<sup>th</sup> floors of the Courthouse. In addition, there were security upgrades completed at the prison.

As of December 31, 2019, the County had \$6,723,672 in commitments outstanding related to contracts for the acquisition, construction, and renovation of various facilities.

More detailed information about the County's capital assets can be found in Note 7 of the notes to financial statements.

**LONG-TERM DEBT:**

As of December 31, 2019, the County had \$185.9 million of general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements outstanding. This was a decrease of \$5.1 million or 2.7% from the previous year. The following details activity related to general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements during 2019:

<b>Summary of General Obligation Bond, General Obligation Note and Direct Borrowing, and Installment Purchase Agreement Activity</b>	
--	--

Beginning balance at 1/1/2019	\$ 190,988,400
Debt issued	20,225,000
Less principal refunded	(8,770,000)
Less principal payments	<u>(16,549,400)</u>
Ending balance at 12/31/2019	<u>\$ 185,894,000</u>

**BOND RATING:**

The County’s General Obligation Bonds, Series of 2019, were issued to refund General Obligation Bonds, Series A of 2009; to refund General Obligation Bonds, Series of 2014; and to be used for financing of capital projects. The series of 2019 General Obligation Bonds have been assigned an Aa3 rating by Moody’s Investors Service.

The County continues to aggressively reduce long-term debt.

More detailed information about the County’s long-term debt can be found in Note 9 of the notes to financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The key economic factors affecting the County include the following:

- The County's population has grown consistently over the past decade and most of the County's residents succeed in finding employment.
- The County's unemployment rate remains unchanged at 3.3%. This rate compares favorably with the state rate of 4.6% and the national rate of 3.5%.

These factors were considered in preparing the County's 2020 budget. Amounts available for appropriation in the General Fund budget are \$165.4 million, an increase of 1.5% over the final 2019 budget of \$163.0 million. Real estate tax receipts were budgeted to increase by \$1.2 million due to natural growth. State and federal grants were budgeted to increase by \$0.7 million due to an increase in the Planning Department's transportation grants, as well as federal funding for the voting machine lease. Fees and fines were budgeted to increase by \$0.5 million because of an increase in Lancaster County Wide Communications telephone surcharge revenue.

Budgeted operating expenditures, excluding transfers, were increased 2.4% for 2020, to \$157.3 million, from \$153.6 million in 2019. This is due primarily to an increase in payroll and fringe benefits.

For the 2020 budget year the Board of County Commissioners approved a structurally balanced budget for the eighth consecutive year.

On April 22, 2020, the County received \$95.2 million in federal CARES Act funds to assist the County in dealing with the impact of the coronavirus. Subsequent to receiving the CARES Act funds, the County performed budget resolutions to recognize receiving the funds and to establish accounts for the distribution of the funds.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this report or requests for additional information should be directed to:

Lancaster County Controller's Office  
County of Lancaster, Pennsylvania  
150 North Queen Street, Suite 710  
Lancaster, PA 17603

## **Basic Financial Statements**

County of Lancaster, Pennsylvania

Statement of Net Position

December 31, 2019

	Primary Government	Component Unit
	Governmental Activities	Lancaster County Convention Center Authority
<b>ASSETS</b>		
Cash and investments:		
Operating	\$ 80,282,719	\$ 2,601,064
Other	458,342	-
Cash with fiscal agents	136	-
Restricted cash and investments	-	12,317,872
Receivables:		
Room rental tax	-	1,137,024
Taxes, net of allowance for uncollectibles of \$79,128	2,158,451	-
Fines and costs, net of allowance for uncollectibles of \$36,021,104	5,708,628	-
Accounts	2,939,577	-
Due from other governments	8,791,684	-
Restricted	-	150,000
Other	2,625,175	146,907
Prepaid items	-	94,787
Net pension asset	1,096,997	-
Capital assets not being depreciated/amortized:		
Land	5,275,585	1,607,517
Easements	108,365,638	-
Capital assets being depreciated/amortized:		
Buildings and improvements	214,195,271	75,390,396
Improvements other than buildings	1,849,019	-
Furniture and equipment	56,454,336	5,891,405
Infrastructure	30,338,617	-
Less accumulated depreciation/amortization	(125,566,109)	(25,295,788)
Total assets	<u>394,974,066</u>	<u>74,041,184</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in the fair value of hedging derivatives	2,410,375	-
Deferred charge on refunding	4,871,629	-
Deferred outflows related to pensions	4,008,520	-
Deferred outflows related to OPEB	6,559,163	-
Total deferred outflows of resources	<u>17,849,687</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	9,609,097	1,956,329
Contracts payable	1,394,601	-
Retainage payable	581,441	-
Accrued interest payable	1,163,738	250,318
Unearned revenue	3,640,934	263,112
Payroll related accruals	5,441,551	7,843
Long-term liabilities:		
Due within one year	22,235,470	630,000
Due in more than one year	330,778,143	60,045,000
Derivative instruments - interest rate swap liability	3,617,519	6,903,256
Borrowing payable	1,130,434	16,344,601
Total liabilities	<u>379,592,928</u>	<u>86,400,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	15,757,863	-
Deferred inflows related to OPEB	31,174,181	-
	<u>46,932,044</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	109,267,372	1,493,068
Restricted for:		
Federal and state grant programs	22,582,791	-
Capital projects	11,357,475	-
Public safety	1,714,607	-
Community development	1,607,534	-
Other	-	6,495,485
Unrestricted (deficit)	(160,230,998)	(20,347,828)
Total net position	<u>\$ (13,701,219)</u>	<u>\$ (12,359,275)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
				Governmental Activities	Lancaster County Convention Center Authority
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 49,021,353	\$ 8,602,524	\$ 4,372,584	\$ (36,046,245)	\$ -
Public safety	13,768,065	10,159,895	325,797	(3,282,373)	-
Roads and bridges	870,158	7,032	1,453,746	590,620	-
Health, education, and welfare:					
Drug and alcohol	5,478,213	190,176	5,327,481	39,444	-
Behavioral health and developmental services	91,691,776	2,180,059	89,419,903	(91,814)	-
Office of aging	8,979,682	52,830	9,874,248	947,396	-
Children and youth	34,760,715	633,615	33,984,893	(142,207)	-
Other	95,847	-	41,981	(53,866)	-
Judicial	49,770,156	8,600,636	7,518,974	(33,650,546)	-
Corrections	29,626,093	1,217,984	412,232	(27,995,877)	-
Cultural and recreation	2,367,887	337,464	-	(2,030,423)	-
Community development	5,599,461	21,860	5,416,618	(160,983)	-
Interest on long-term debt	7,516,540	-	-	(7,516,540)	-
Total government activities	<u>\$ 299,545,946</u>	<u>\$ 32,004,075</u>	<u>\$ 158,148,457</u>	<u>(109,393,414)</u>	<u>-</u>
<b>Component Unit:</b>					
Convention center	\$ 8,822,404	\$ 2,577,041	\$ -		(6,245,363)
Total component unit	<u>\$ 8,822,404</u>	<u>\$ 2,577,041</u>	<u>\$ -</u>		<u>(6,245,363)</u>
General Revenues:					
Property taxes				122,367,004	-
Unrestricted investment earnings (loss)				2,425,265	(6,032,673)
Room rental tax				-	5,518,026
Total general revenues				<u>124,792,269</u>	<u>(514,647)</u>
Change in net position				15,398,855	(6,760,010)
Net position - beginning				(29,100,074)	(5,599,265)
Net position - ending				<u>\$ (13,701,219)</u>	<u>\$ (12,359,275)</u>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Balance Sheet - Governmental Funds

December 31, 2019

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and investments:								
Operating	\$ 42,538,458	\$ 3,684,653	\$ -	\$ 13,043,426	\$ 12,940,535	\$ 2,609,989	\$ 5,465,658	\$ 80,282,719
Other	-	113,355	132,607	-	-	-	212,380	458,342
Cash with fiscal agents	136	-	-	-	-	-	-	136
Receivables:								
Taxes	2,225,207	-	-	-	-	-	-	2,225,207
Less allowance for uncollectible taxes	(66,756)	-	-	-	-	-	-	(66,756)
Fines and costs	43,198,639	-	-	-	-	-	-	43,198,639
Less allowance for uncollectible fines and costs	(37,490,011)	-	-	-	-	-	-	(37,490,011)
Accounts	2,939,577	-	-	-	-	-	-	2,939,577
Due from other funds	1,390,555	-	-	-	-	-	-	1,390,555
Due from other governments	1,975,578	2,531,169	2,864,769	955,046	-	-	465,122	8,791,684
Other	-	-	185,391	-	-	-	14,784	200,175
<b>Total assets</b>	<b>\$ 56,711,383</b>	<b>\$ 6,329,177</b>	<b>\$ 3,182,767</b>	<b>\$ 13,998,472</b>	<b>\$ 12,940,535</b>	<b>\$ 2,609,989</b>	<b>\$ 6,157,944</b>	<b>\$ 101,930,267</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 2,630,376	\$ 3,412,614	\$ 1,560,023	\$ 13,777	\$ -	\$ -	\$ 1,992,307	\$ 9,609,097
Contracts payable	-	-	-	-	1,394,601	-	-	1,394,601
Retainage payable	-	-	-	-	188,505	-	392,936	581,441
Due to other funds	-	-	1,390,555	-	-	-	-	1,390,555
Unearned revenue - intergovernmental	-	-	-	-	-	2,609,989	1,030,945	3,640,934
Payroll related accruals	4,672,974	324,554	232,189	111,803	-	-	100,031	5,441,551
<b>Total liabilities</b>	<b>7,303,350</b>	<b>3,737,168</b>	<b>3,182,767</b>	<b>125,580</b>	<b>1,583,106</b>	<b>2,609,989</b>	<b>3,516,219</b>	<b>22,058,179</b>
Deferred inflows of resources:								
Unavailable revenue-property taxes and fines & costs	6,270,340	-	-	-	-	-	-	6,270,340
<b>Total deferred inflows of resources</b>	<b>6,270,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,270,340</b>
Fund Balances:								
Restricted:								
Health, education, and welfare	-	2,592,009	-	-	-	-	1,034,191	3,626,200
Capital projects	46	-	-	-	11,357,429	-	-	11,357,475
Roads and bridges	2,489,093	-	-	-	-	-	-	2,489,093
General government	1,923,884	-	-	-	-	-	-	1,923,884
Public safety	1,714,607	-	-	-	-	-	-	1,714,607
Judicial	670,722	-	-	13,872,892	-	-	-	14,543,614
Community development	-	-	-	-	-	-	1,607,534	1,607,534
Assigned:								
Future benefits	1,030,640	-	-	-	-	-	-	1,030,640
Healthcare benefits	2,042,669	-	-	-	-	-	-	2,042,669
Corrections	1,408,387	-	-	-	-	-	-	1,408,387
Judicial	591,891	-	-	-	-	-	-	591,891
Unassigned	31,265,754	-	-	-	-	-	-	31,265,754
<b>Total fund balances</b>	<b>43,137,693</b>	<b>2,592,009</b>	<b>-</b>	<b>13,872,892</b>	<b>11,357,429</b>	<b>-</b>	<b>2,641,725</b>	<b>73,601,748</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 56,711,383</b>	<b>\$ 6,329,177</b>	<b>\$ 3,182,767</b>	<b>\$ 13,998,472</b>	<b>\$ 12,940,535</b>	<b>\$ 2,609,989</b>	<b>\$ 6,157,944</b>	<b>101,930,267</b>

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 7)	290,912,357
Certain receivables are not available to pay for current-period expenditures and, therefore, are not recognized or unearned in the funds.	6,270,340
Long-term liabilities, including general obligation bonds, notes payable, net pension liabilities, net OPEB liabilities, and related deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (Note 3)	(388,007,661)
Other long-term note receivable	2,425,000
Net pension asset	1,096,997
<b>Total net position of governmental activities</b>	<b>\$ (13,701,219)</b>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2019

	General	Children and Youth Services	Behavioral Health and Developmental Services	Domestic Relations	Capital Projects	Human Services Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Real estate taxes	\$ 122,914,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,914,746
Intergovernmental	5,063,260	33,984,893	89,419,903	4,886,388	-	41,981	22,072,093	155,468,518
Departmental	26,091,481	633,615	296,800	34,868	-	-	31,427	27,088,191
Fines and costs	3,481,423	-	-	-	-	-	-	3,481,423
Investment earnings	1,655,309	214	-	283,670	317,410	140,390	28,272	2,425,265
Other	1,522,144	-	-	-	-	-	240,471	1,762,615
Health Choices revenues	-	-	1,883,259	-	-	-	-	1,883,259
<b>Total revenues</b>	<b>160,728,363</b>	<b>34,618,722</b>	<b>91,599,962</b>	<b>5,204,926</b>	<b>317,410</b>	<b>182,371</b>	<b>22,372,263</b>	<b>315,024,017</b>
<b>EXPENDITURES</b>								
Current:								
General government	29,586,708	-	-	-	-	-	-	29,586,708
Public safety	9,246,079	-	-	-	-	-	-	9,246,079
Roads and bridges	-	-	-	-	-	-	155,629	155,629
Health, education, and welfare:								
Drug and alcohol	-	-	-	-	-	-	5,768,211	5,768,211
Behavioral Health and Developmental Services	-	-	92,514,060	-	-	-	-	92,514,060
Office of aging	-	-	-	-	-	-	10,319,470	10,319,470
Children and youth	-	44,438,169	-	-	-	-	-	44,438,169
Other	-	-	-	-	-	93,847	-	93,847
Judicial	44,577,965	-	-	6,275,828	-	-	-	50,853,793
Corrections	27,766,818	-	-	-	-	-	-	27,766,818
Cultural and recreation	2,233,046	-	-	-	-	-	-	2,233,046
Community development	-	-	-	-	-	-	5,709,492	5,709,492
Capital outlay	9,081,205	134,371	46,463	13,064	4,655,464	-	3,807,696	17,738,263
Debt Service:								
Principal retirement	16,549,400	-	-	-	-	-	-	16,549,400
Interest and fiscal charges	7,473,374	-	-	-	-	-	-	7,473,374
Bond issuance costs	-	-	-	-	123,691	-	-	123,691
<b>Total expenditures</b>	<b>146,514,595</b>	<b>44,572,540</b>	<b>92,560,523</b>	<b>6,288,892</b>	<b>4,779,155</b>	<b>93,847</b>	<b>25,760,498</b>	<b>320,570,050</b>
Excess (deficiency) of revenues over (under) expenditures	14,213,768	(9,953,818)	(960,561)	(1,083,966)	(4,461,745)	88,524	(3,388,235)	(5,546,033)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	8,957,702	960,561	1,846,715	-	561,500	1,011,378	13,337,856
Transfers out	(12,687,832)	-	-	-	-	(650,024)	-	(13,337,856)
Face amount of refunding bonds issued	8,455,000	-	-	-	-	-	-	8,455,000
Payment to refunded bond escrow agent	(8,935,285)	-	-	-	-	-	-	(8,935,285)
Premium on refunding bonds issued	571,904	-	-	-	-	-	-	571,904
Face amount of bonds issued	-	-	-	-	11,770,000	-	-	11,770,000
Premium on bond issued	-	-	-	-	353,691	-	-	353,691
Premium on swaption issued	-	-	-	-	-	-	-	-
Payment for refunded swaption issued	-	-	-	-	-	-	-	-
Issuance of capital leases	2,832,157	-	-	-	-	-	-	2,832,157
<b>Total other financing sources (uses)</b>	<b>(9,764,056)</b>	<b>8,957,702</b>	<b>960,561</b>	<b>1,846,715</b>	<b>12,123,691</b>	<b>(88,524)</b>	<b>1,011,378</b>	<b>15,047,467</b>
Net change in fund balances	4,449,712	(996,116)	-	762,749	7,661,946	-	(2,376,857)	9,501,434
Fund balances, January 1	38,687,981	3,588,125	-	13,110,143	3,695,483	-	5,018,582	64,100,314
<b>Fund balances, December 31</b>	<b>\$ 43,137,693</b>	<b>\$ 2,592,009</b>	<b>\$ -</b>	<b>\$ 13,872,892</b>	<b>\$ 11,357,429</b>	<b>\$ -</b>	<b>\$ 2,641,725</b>	<b>\$ 73,601,748</b>

The notes to the financial statements are an integral part of this statement.

County of Lancaster, 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, 2019

Net change in fund balances – total governmental funds	\$ 9,501,434
The change in net position reported for <i>governmental activities</i> in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period. (Note 3)	4,295,442
Unearned revenues that do not provide current financial resources and activities which are not recognized as available in the governmental funds, but are earned in the statement of activities.	(79,216)
The issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) 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. (Note 3)	4,179,083
Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. (Note 3)	349,640
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. (Note 3)	<u>(2,847,528)</u>
Change in net position of governmental activities	<u>\$ 15,398,855</u>

*The notes to the financial statements are an integral part of this statement.*

County of Lancaster, Pennsylvania

Statement of Fiduciary Net Position – Fiduciary Funds

December 31, 2019

	Pension Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and temporary investments-operating	\$ 5,242,111	\$ 15,799,531
Investments, at fair value:		
U.S. Government securities	13,417,422	–
Domestic corporate bonds	15,613,972	–
International corporate bonds	3,527,220	–
Collateralized mortgage obligations	3,988,033	–
Real estate	21,624,417	–
Equity mutual funds	87,977,022	–
Global mutual funds	74,906,167	–
International equity mutual funds	34,237,755	–
Fixed income mutual funds	18,955,740	–
Exchange traded index funds	34,105,444	–
Brokered CDs	2,792,772	–
Total investments	311,145,964	–
Receivables	924,248	–
Total assets	317,312,323	15,799,531
<b>LIABILITIES</b>		
Deposits and advances	–	4,721,291
Escrow liability	–	3,868,271
Other liabilities	–	2,466,001
Due to other governments	–	4,743,968
Total liabilities	–	15,799,531
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 317,312,323</b>	<b>\$ –</b>

*The notes to the financial statements are an integral part of this statement.*

County of Lancaster, Pennsylvania

Statement of Changes in Fiduciary Net Position – Pension Trust Fund

For the Year Ended December 31, 2019

**ADDITIONS**

Contributions:	
Employer	\$ 5,048,537
Plan members	5,762,873
Total contributions	<u>10,811,410</u>
Investment income:	
Net appreciation in fair value of investments	47,946,271
Interest and dividends	6,879,822
Less investment expenses	<u>(454,416)</u>
Net investment income	54,371,677
Other	<u>21,119</u>
Total additions	<u>65,204,206</u>

**DEDUCTIONS**

Benefit payments, including refunds of member contributions	17,535,471
Administrative expenses	56,025
Other	<u>30,910</u>
Total deductions	<u>17,622,406</u>

Net increase in net position 47,581,800

**NET POSITION RESTRICTED FOR PENSIONS**

Beginning of year	<u>269,730,523</u>
End of year	<u>\$ 317,312,323</u>

*The notes to the financial statements are an integral part of this statement.*

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# County of Lancaster, Pennsylvania

## Notes to Financial Statements

December 31, 2019

### **1. Summary of Significant Accounting Policies**

The financial statements of the County of Lancaster (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

#### **Reporting Entity**

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GAAP defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if a potential component unit is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Conditions that would indicate the ability to impose will by the primary government include, but are not limited to: the primary government's ability to remove appointed members of the organization's governing board at will; the ability to modify or approve the budget of the organization; the ability to modify or approve rate or fee changes affecting revenues; the ability to veto, overrule, or modify the decisions of the organization's governing body; and the ability to appoint, hire, reassign, or dismiss management of the organization. Conditions that would indicate the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government include, but are not limited to, the legal entitlement or access by the primary government to the organization's resources, legal obligation by the primary government to finance the deficits of or provide financial support to the organization, and the obligation by the primary government for the debt of the organization. Based upon the application of these criteria, one entity met the requirements to be included in the County's reporting entity.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **Reporting Entity (continued)**

###### *Component Unit*

The Lancaster County Convention Center Authority (the Convention Center Authority) was formed on September 15, 1999 under the Municipal Authority Act of 1945 and the Third-Class County Convention Center Authority Act. The purpose of the Convention Center Authority is to provide financing and arrange for the development, construction, and operation of the convention center facilities for the public purpose of promoting, attracting, stimulating, developing, and expanding business, industry, commerce, and tourism in the Commonwealth of Pennsylvania.

The Convention Center Authority is a legally separate organization administered by a seven-member Board, of which three Board Members are appointed by the County Commissioners, three Board Members are appointed by the City of Lancaster, and the remaining Board Member is appointed on an alternating basis between the aforementioned appointing entities.

The County is financially accountable for the Convention Center Authority because the Convention Center Authority is fiscally dependent on the County, based upon GAAP. The County has established a hotel room rental tax, applied to all hotel room rentals throughout the County; the Convention Center Authority relies on the County to levy these taxes or set rates or charges, as it does not have the power to do so on its own. The revenues derived from this hotel room rental tax provide substantially all operating revenues of the Convention Center Authority. The Convention Center Authority imposes an additional financial burden on the County by virtue of the County's guarantee to replenish the required reserve amounts associated with the Convention Center Authority's Hotel Room Tax Revenue Bonds.

As a result of the above criteria, the Convention Center Authority is considered to be a discretely presented component unit of the County. Complete financial statements of this component unit can be requested from the County Controller's Office of Lancaster County, 150 North Queen Street, Suite 710, Lancaster, Pennsylvania 17603.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Reporting Entity (continued)**

*Related Organizations*

The County's Board of Commissioners is responsible for appointing some of the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. These organizations include:

- Lancaster County Redevelopment Authority
- Lancaster Airport Authority
- Lancaster County Hospital Authority
- Lancaster County Housing Authority
- Lancaster County Solid Waste Management Authority
- Lancaster County Solid Waste Management Authority  
Citizen Advisory
- Library System of Lancaster County
- Lancaster County Planning Commission
- Red Rose Transit Authority
- Lancaster County Conservation District
- Lancaster County Transportation Authority
- Lancaster County Vacant Property Reinvestment Board
- Lancaster County Workforce Development Board
- Lancaster County Land Bank Authority
- Lancaster County Ethics Committee
- Lancaster County Agricultural Preservation Board
- Lancaster County Board of Assessment
- Speedwell Forge Advisory Council
- Lancaster County Behavioral Health and Developmental  
Services Advisory Board
- Lancaster County Children and Youth Advisory Board
- Lancaster County Drug and Alcohol Advisory Board
- Lancaster County Office of Aging Advisory Council
- Lancaster County Public Safety Training Center Authority
- South Central Transit Authority

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Reporting Entity (continued)

###### *Other Organization*

Capital Area Behavioral Health Collaborative, Inc. is a private, not-for-profit company formed out of the collaboration among Cumberland, Dauphin, Lancaster, Lebanon, and Perry Counties' programs of Mental Health and Drug and Alcohol. The County participates in Pennsylvania's innovative mandatory managed care program for Medical Assistance consumers, the Health Choices Behavioral Health Program. The program is designed to improve access and quality of care for Medical Assistance consumers throughout Pennsylvania.

##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements.

###### *Government-wide Financial Statements*

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The focus of the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of interfund activity has been eliminated from these statements. The County's policy is to eliminate internal activity by distinguishing overhead costs through its cost allocation plan, which are eliminated during consolidation, from interfund services provided and used between functions, which are not eliminated. The County does not allocate indirect costs on the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Also, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets, as well as long-term debt and obligations. Interfund balances between governmental funds are not included in the government-wide statement of net position.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

###### *Government-wide Financial Statements (continued)*

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items that are not included among program revenues are reported instead as general revenues.

###### *Fund Financial Statements*

In accordance with GAAP, the financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Emphasis under the GAAP reporting model is on major funds in the governmental categories. GAAP sets forth minimum criteria for the determination of major funds. The nonmajor funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if collected within 60 days after year-end.

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

##### *Fund Financial Statements (continued)*

Property taxes, fines, and costs due but not collected within 60 days after year-end are reflected as a deferred inflow of resources. Licenses and permits are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure, or the amounts are deferred and recognized as an inflow of resources in the period that amounts become available. Interest earnings are recorded when earned. Real estate tax, intergovernmental, departmental, fines and costs, interest, Health Choices, and telephone subscriber revenues are all considered susceptible to accrual and, as a result, have been recognized as revenue in the current year.

Expenditures are generally recognized under the modified accrual basis of accounting when they are paid from current expendable financial resources. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized as fund liabilities when due and payable. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

Net position is restricted when constraints placed on it is either externally imposed or is imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County's fiduciary funds are presented in the fund financial statements by type (Pension Trust Fund and Agency Fund). Since by definition, the assets of these funds are held for the benefit of a third-party (third-parties, pension participants, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements. The County's fiduciary funds are presented on the accrual basis of accounting and economic resources measurement focus, except for the Agency Fund, which does not measure operations and does not have a measurement focus.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

###### *Fund Financial Statements (continued)*

The following major funds are used by the County:

###### *Governmental Funds*

The focus of governmental fund measurement in the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- General Fund – The General Fund accounts for numerous County primary services (Public Safety, Judicial, Corrections, General Government, Cultural and Recreation, Debt Service, etc.) and is the primary operating unit of the County. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Children and Youth Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include dependent support and revenues received from other counties for detention services. These funds are restricted to provide support services to underprivileged juveniles.
- Behavioral Health and Developmental Services Fund – This special revenue fund is used to account for amounts received from various federal, state, and local sources. Local sources include payments from third parties which include payments for rent. These funds are restricted to provide assistance and medical care to those individuals with mental health and developmental disabilities.
- Domestic Relations Fund – This special revenue fund is used to account for amounts received from various federal and local sources. Local sources include blood test fees and EFT support fees. These funds are restricted to enforce the support obligations owed by absent parents, locate absent parents, and establish paternity to obtain child and spousal support.

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

##### *Fund Financial Statements (continued)*

##### *Governmental Funds (continued)*

- Capital Projects Fund – The Capital Projects Fund is used to account for the resources and expenditures related to construction within the County.
- Human Services Block Grant Fund – This special revenue fund is used to account for amounts received from various federal and state sources. These funds are restricted to provide assistance and care to individuals with mental health and developmental disabilities, individuals experiencing drug and alcohol addiction, individuals experiencing homelessness, and other programs within the Human Services Development Fund.

##### *Other Funds*

In addition to the major funds discussed above, the County reports the following fiduciary fund types:

- Pension Trust Fund – This fund is used to account for the accumulation of resources for pension payments to qualified County employees under a single-employer contributory defined benefit pension plan covering substantially all County employees.
- Agency Fund – This fund is used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. The following County agencies collect fees, fines, and taxes for distribution to other governmental units and citizens for whom it was collected, and are collectively reported as an agency fund:
  - Prothonotary
  - Recorder of Deeds
  - Treasurer
  - Register of Wills
  - Domestic Relations Office (Support Account)
  - Sheriff
  - Clerk of Courts
  - Magisterial District Judges

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

##### **Basis of Accounting**

###### *Discretely Presented Component Unit*

The Convention Center Authority utilizes the accrual basis of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred.

##### **Hotel Room Rental Tax**

###### *Discretely Presented Component Unit*

The County receives a 3.9% hotel room rental tax and a 1.1% excise tax from the operators of each hotel within the County. Of the 3.9% tax, 20% was originally allocated to Discover Lancaster to be used to promote tourism in Lancaster County, and 80% was received by the Convention Center Authority (Authority) to be used for the construction and operation of the convention center facility. If the Authority encountered an event of default on the Hotel Room Rental Tax Revenue Bonds, Series of 2003 or the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (collectively, the Bonds), the 20% allocated to Discover Lancaster would be diverted to the trustee of the Authority's Bonds. Revenue was recognized in the period to which the County attributed collection.

On July 31, 2014, the Convention Center Authority entered into a collaboration agreement with the County, Discover Lancaster, the City of Lancaster (City), the Redevelopment Authority of the City of Lancaster (RCAL), and the Lancaster City Revitalization and Improvement Zone Authority (Lancaster CRIZ Authority). Under the collaboration agreement, Discover Lancaster agreed to direct 100% of the hotel room rental tax revenue to the Convention Center Authority for the period July 2014 through June 2019. As of December 31, 2016, and each December 31 thereafter, if the funds on deposit with the trustee under the terms of the indenture exceed \$5,750,000 after all obligations have been paid, the Convention Center Authority shall remit the lesser of any funds in excess of \$5,750,000 or 20% of the hotel room rental tax revenue by January 15 of the following year to Discover Lancaster.

In October 2018, the Convention Center Authority and Discover Lancaster entered into a memorandum of understanding which extended Discover Lancaster's commitment to directing its 20% of the hotel room tax revenues, under the existing terms, to the Convention Center Authority through December 31, 2023.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **Hotel Room Rental Tax (continued)**

###### *Discretely Presented Component Unit (continued)*

For the year ended December 31, 2019, the Convention Center Authority's funds on deposit exceeded the established thresholds and \$1,347,849 of the hotel room rental tax revenue was included in accounts payable and due to Discover Lancaster under the terms of the Collaboration Agreement. Beginning in July 2024, the terms of the Lancaster County Ordinance No. 45 shall again govern the distribution of the hotel room rental tax revenue.

##### **New Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations". This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. It requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Accordingly, GASB Statement No. 83 is effective for fiscal years beginning after June 15, 2018. The County adopted this standard effective January 1, 2019; however, it did not have a significant impact on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities". The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Accordingly, GASB Statement No. 84 is effective for fiscal years beginning after December 15, 2018. The County adopted this standard effective January 1, 2019; however, it did not have a significant impact on the County's financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases". The primary objective of this Statement is to provide guidance by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The new pronouncement establishes a single model for lease accounting. Under this statement a lessee is required to recognize a lease liability and an intangible asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. This requirement includes an exception for short term leases, contracts that transfer ownership, leases of assets that are investments, and certain regulated leases. This statement excludes supply contracts and leases of inventory. The requirements of this Statement will be effective for periods beginning after December 15, 2019. The County is still evaluating the impact of this statement; however, it is expected to have a material impact to the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". The primary objective of this Statement is to provide guidance to governments with regards to the disclosure to the notes of the government financial statements related to debt, including direct borrowings and direct placements. Direct borrowings and direct placements have terms that are not offered for public sale. This statement provides for a government to disclose in notes to the financial statements summarized information about: amount of unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with financed-related consequences, termination events with finance-related consequences, and subjective accelerations clauses. In addition, this Statement provides for governments to separate information about direct borrowings and direct placements of debt. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2018. The County adopted this standard effective January 1, 2019; however, it did not have a significant impact on the County's financial statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The primary objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement will be effective for reporting periods beginning after December 15, 2018. The County adopted this standard effective January 1, 2019; however, it did not have a significant impact on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61". The primary objectives of this statement are to improve the consistency and comparability of reporting a governments' majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, an endowment, or a permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. The requirements of this statement will be effective for reporting periods beginning after December 15, 2018. The County adopted this standard effective January 1, 2019; however, it did not have a significant impact on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so. An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations, and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. This statement is not expected to have an effect on the County's financial statements.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The objectives of this statement are to address a variety of topics and includes specific provisions about the following: the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this statement related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of this statement are effective for reporting periods beginning after December 15, 2020. This statement is not expected to have a material effect on the County's financial statements.

In March of 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates (IBOR)." The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020. The County has yet to determine the impact of this statement.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In March of 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. This statement is not expected to have an effect on the County's financial statements.

In May 2020, the GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, "Certain Asset Retirement Obligations"; Statement No. 84, "Fiduciary Activities"; Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"; Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period"; Statement No. 90, "Majority Equity Interests"; Statement No. 91, "Conduit Debt Obligations"; Statement No. 92, "Omnibus 2020"; Statement No. 93, "Replacement of Interbank Offered Rates"; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019; Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, "Leases" and Implementation Guide No. 2019-3, Leases. The requirements of this Statement are effective immediately.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements (continued)**

In May 2020, the GASB issued Statement No. 96 "Subscription-Based Information Technology Arrangements." This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The County has yet to determine the impact of this statement.

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position**

##### **Pooled Cash and Temporary Investments**

The majority of cash balances and temporary investments of most governmental funds and the Agency Fund are pooled by the County. Balances are segregated by fund but accounted for centrally for receipt and disbursement purposes. Interest income is reported in the General Fund, except for amounts allocated to those funds where there is a statutory requirement to do so, as dictated in program and/or grant requirements. Individual fund pooled cash and temporary investment deficits are subsidized through transfers by the General Fund at year end.

Temporary investments are defined as short term with original maturities of three months or less that are readily convertible to known amounts of cash, which include money market investments.

##### **Cash and Cash Equivalents**

###### *Discretely Presented Component Unit*

The Convention Center Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Investments**

In accordance with authorized investment laws, the County invests in various fixed income securities, mutual funds, money market funds, brokered CDs, and equity securities. These securities are reported at fair value on the balance sheet. Unrealized appreciation or depreciation on investments due to changes in fair value is recognized in individual fund operations each year. Fair values are based on published market prices, quotations from national securities exchanges and securities pricing services, or by the respective fund managers for securities which are not actively traded.

Investments are reported at fair value in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

##### *Discretely Presented Component Unit*

The Convention Center Authority accounts for investments at fair value. The fair value of the Convention Center Authority's investments is based upon values provided by external investment managers and quoted market prices.

The Convention Center Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables resulting from these transactions are classified as “due from other funds” or “due to other funds” on the fund balance sheet.

##### **Restricted Assets**

###### *Discretely Presented Component Unit*

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, because their use is limited by applicable trust indentures or other agreements. As of December 31, 2019, restricted assets included cash and investments in the amount of \$12,317,872 and accounts receivable in the amount of \$150,000.

##### **Capital Assets**

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County’s capitalization threshold has been met. The County capitalizes assets valued over \$5,000 with a useful life longer than one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

Maintenance, repairs, and minor renovations are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of net income for the period.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

**Capital Assets (continued)**

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of purchased and donated assets as follows:

Infrastructure	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5-20 Years
Improvements other than buildings	20-30 Years

The County has an art collection that is not capitalized because the collection meets the criteria for non-capitalization in accordance with GAAP. Specifically, the collection is held for reasons other than financial gain. The collection is protected, kept unencumbered, cared for, and preserved; it is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

In order to preserve farmland and open space, the County purchases agricultural easements. An agricultural easement restricts the use of land from commercial development in perpetuity and encourages the continued agricultural use of land. An easement is thus considered an intangible asset of the County.

*Discretely Presented Component Unit*

Capital assets are carried at cost, if purchased or constructed. Capital assets are defined by the Convention Center Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Building, furniture, fixtures, and equipment are depreciated over the estimated useful lives using the straight-line method.

The useful lives for purposes of computing depreciation are as follows:

Buildings	40 Years
Furniture, Fixtures, and Equipment	3-10 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. A portion of the interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Unearned Revenue**

Unearned revenue arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

##### *Discretely Presented Component Unit*

Unearned revenue represents deposits received by the Convention Center Authority for future events. These deposits will be recognized as revenue in the period in which the event occurs.

##### **Deferred Outflows/Inflows of Resources**

In accordance with GAAP, the County reports a deferred outflow of resources in the statement of net position resulting from the accumulated increase in the fair value of hedging derivatives and the deferred charge on debt refunding resulting from the difference between the carrying value of the refunded debt and its reacquisition price, and amortized over the shorter of the life of the refunded or refunding debt.

The County recognizes deferred outflows and inflows of resources in the statement of net position resulting from differences in experience, changes of assumptions, and differences between actual and expected earnings relating to the County's pension plan.

The County reports a deferred inflow of resources in its governmental funds. A deferred inflow of resources arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period, such as property taxes, fines, and costs due but not collected within 60 days after year-end, or intergovernmental revenue not meeting the available criteria to be recognized as revenue in the funds.

##### **Accrued Vacation and Sick Pay**

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund-type vested accrued vacation and sick pay benefits is recorded as a liability in the government-wide statement of net position.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters, as well as from the self-insured employees' workers compensation program. The General Fund is used to account for the risks for all other risk financing activities.

The County purchases commercial insurance for risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. There have been no significant changes in insurance coverage in the past three years, and settled claims have not exceeded the commercial coverage in those years.

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workman's Compensation Act of 1915 as Reenacted and Amended. The exposure of risk is financed mostly through retention of all liability exposure, with limited purchase of commercial excess insurance.

The liability is recorded as estimated by the County's actuary. Claims are paid from the General Fund. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR).

##### **Fund Balance**

The County applies GAAP for governmental funds. The County's governmental fund financial statements reflect GAAP fund balance classifications that comprise a hierarchy based primarily on the extent of constraints imposed upon the use of net resources reported in governmental funds.

The County is limited to spending restricted fund balance on the activities allowed by the terms of a grant contract, bond covenants, or by applicable legislation.

With the exception of self-imposed constraints, consisting of (1) formal action taken by the County Commissioners to enact fund balance commitments, in the form of a formal Commissioner approved resolution to establish, modify, or rescind a fund balance commitment, or (2) fund balance assignments by the Commissioners, unrestricted fund balance may be spent on a wide variety of County activities.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position  
(continued)**

**Fund Balance (continued)**

The County considers the most restrictive governmental resources, including any committed or assigned fund balances, to have been spent first, unless applicable legislation, grant, or a formal action by the Commissioners mandates an exception.

*Nonspendable Fund Balance*

Nonspendable fund balance is the component of fund balance that is not available for expenditure and typically represents prepaid items; however, no such amounts existed as of December 31, 2019.

*Restricted Fund Balance*

Restricted fund balance represents amounts that can be spent only for the specific purposes allowed by the resource providers, i.e. grantors, bond proceeds, or applicable legislation. The County's restrictions are as follows:

*Health, education, and welfare* – These funds are received from federal and state grants and are restricted to be used for the provision of human services and education activities for County residents.

*Capital projects* – These are the County's bond proceeds and are restricted to be used to pay for future capital-related projects of the County.

*Roads and bridges* – These funds are received and restricted due to state legislation including Act 13. These amounts are restricted for the purpose of maintaining and replacing County owned bridges and roads.

*General government* – These funds are collected per state statute, Act 8, and are restricted for records management and record improvements for certain row offices of the County (e.g., recorder of deeds, clerk of courts, prothonotary, register of wills).

*Public safety* – These funds are received from federal and state grants and are restricted to be used for capital projects for emergency services and to coordinate essential public safety activity among federal, state, regional, county, municipal agencies, and volunteer organizations to provide quick, reasoned responses to the needs of County citizens in times of emergency.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position  
(continued)**

**Fund Balance (continued)**

*Restricted Fund Balance (continued)*

*Judicial* – These funds are collected per state statute and are restricted to be used for the provision of County judicial services. This amount includes Act 122 funds which are restricted to be used for training and equipment for the Coroner’s Office. The amount also includes funds restricted for the use of the County’s Drug Task Force.

*Community Development* – These funds are received from federal and state grants, as well as other sources, and are restricted to purchase easements from farmers within the County in an effort to preserve agricultural land.

*Unrestricted Fund Balance*

Unrestricted fund balance consists of the committed, assigned, and unassigned fund balance categories, as applicable. The County’s General Fund is the only fund that reports a positive unassigned fund balance.

*Committed Fund Balance*

Committed fund balance represents amounts that can be spent only for the specific purposes allowed by the formal action taken by the County Commissioners in the form of a Resolution. There were no funds committed as of December 31, 2019.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Fund Balance (continued)**

###### *Fund Balance Assignments*

Assigned fund balance represents the County's plans for future use of the County's net financial resources which are not otherwise restricted or committed. All assigned fund balances must be authorized by the Board of County Commissioners.

Assignments have been established in the General Fund as follows:

*Future Benefits* – this assignment is established to pay future payroll costs.

*Healthcare Benefits* – this assignment is established to pay future healthcare benefits.

*Corrections* – this assignment is established to pay future prison capital project and inmate general welfare expenditures.

*Judicial* – this assignment is established for the use of the County's Drug Task Force.

##### **Leases**

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources.

##### **Intergovernmental Revenues**

Intergovernmental revenues represent revenues received from the Commonwealth and Federal agencies generally to fund specific programs. Awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs and the revenues are measurable and available. Reimbursement type grants are recorded as revenues in governmental funds when the related expenditures or expenses are incurred and the related revenues are available. The amounts reported as due from other governments consist primarily of amounts due from the Commonwealth.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **2. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position (continued)**

##### **Departmental Revenues**

Departmental revenues shown in the governmental funds represent revenues that are considered payment for services and are collected by departments that charge for services. Departmental revenues include licenses, fees, and other charges.

##### **Investment Earnings**

Investment earnings include interest, dividends, realized gains and losses, and the change in the fair value of investments, if any, during the fiscal year.

##### **Derivatives – Interest Rate Swap/Swaptions**

In accordance with GAAP, derivatives are stated at fair value on the Statement of Net Position. The change in fair value of the derivative is recorded as deferred inflows or deferred outflows or as adjustments to investment earnings.

Also, in accordance with GAAP, up-front premiums received by the County related to swap or swaption agreements are considered borrowings for financial reporting purposes and are reported as a liability in the government-wide financial statements. The borrowing related to the swap, or hedging derivative instrument, is amortized over the life of the swap agreement. The interest related to the borrowing for the swaptions, or investment derivatives, is accreted to the balance of the liability from inception through the swaptions' exercise date (if applicable) or maturity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements**

*Explanation of Certain Differences between the Total Fund Balance – Governmental Fund Balance Sheet and the Total Net Position – Governmental Activities, Government-wide Statement of Net Position*

The governmental fund balance sheet includes a reconciliation between *total fund balance – total governmental funds* and *total net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including general obligation bonds, notes payable, etc. are not due and payable in the current period and, therefore, are not reported as liabilities in the funds”. The detail of this \$388,007,661 difference is as follows:

General obligation bonds payable	\$	161,175,000
Plus: Issuance premium (amortized as income)		7,842,642
General obligation notes and direct borrowings payable		24,283,000
Installment purchase agreements payable		436,000
Accrued vacation and sick pay		5,875,809
Net OPEB liability		134,541,612
Accrued interest payable		1,163,738
Deferred outflow from refundings		(4,871,629)
Deferred outflow from interest rate swap		(2,410,375)
Net deferred inflows related to pensions		11,749,343
Net deferred inflows related to OPEB		24,615,018
Derivative instrument – interest rate swap/swaption liability		3,617,519
Borrowing payable		1,130,434
Capital leases		16,564,695
Contracts payable		624,196
Workers’ compensation		320,659
Stadium loan payable		1,350,000
Net adjustment to <i>total fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	388,007,661

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements (continued)**

*Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities*

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over its estimated useful lives and reported as depreciation expense.” The detail of this \$4,295,442 difference is as follows:

Capitalized outlay	\$ 14,407,335
Depreciation expense	(8,935,636)
Loss on disposal	<u>(1,176,257)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 4,295,442</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes, capital leases, etc.) 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.” The detail of this \$4,179,083 difference is as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	\$ (20,225,000)
Capital leases	(2,832,157)
Principal repayments:	
Capital lease payment	1,751,555
General obligation debt	16,549,400
Payment to escrow agent for refunding	<u>8,935,285</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ 4,179,083</u></u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**3. Reconciliation of Government-wide and Fund Financial Statements (continued)**

*Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, Changes in Fund Balances, and the Change in Net Position – Government-wide Statement of Activities (continued)*

Another element of that reconciliation states that, “governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are amortized in the statement of activities.” The detail of this \$349,640 difference is as follows:

Bond premiums and discounts	\$	(925,595)
Amortization of net bond premiums		1,440,520
Net unamortized amounts on refunding and prepayments		(165,285)
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	\$	349,640

Another element of that reconciliation states that, “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.” The detail of this \$(2,847,528) difference is as follows:

Accrued vacation and sick pay	\$	(163,722)
Contracts payable		110,031
Net pension asset		34,783,721
Net OPEB liability		7,532,640
Deferred outflows related to pensions		(21,092,849)
Deferred inflows related to pensions		(13,770,642)
Deferred outflows related to OPEB		6,559,163
Deferred inflows related to OPEB		(17,197,882)
Accrued interest payable		(43,166)
Amortization of loss on refunding		(351,551)
Workers’ compensation		336,729
Stadium loan payable		450,000
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	\$	(2,847,528)

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **4. Budgets and Budgetary Accounting**

The County adopts budgets for the General Fund and all special revenue funds, except the Community Development Block Grant Fund, the Human Services Block Grant Fund, and the Agricultural Land Preservation Fund. Project-length financial plans are adopted for the Capital Projects Fund.

The legal level of budgetary control is established by fund. It is the prerogative of management to also maintain an enhanced level of control at the function and object level. Appropriations lapse at the end of each year and must be reappropriated. The Chief Clerk is authorized to transfer budget amounts between departments within any fund; however, any supplemental appropriations which alter the total expenditures of any fund require resolution of the County Commissioners. Budgeted amounts are as originally adopted or as amended by the Commissioners at various times. During the year, several supplemental appropriations were necessary for the General and special revenue funds as a result of additional revenues made available from state grants and other sources.

The budgetary schedules for the General Fund, Behavioral Health and Developmental Services, Children and Youth Services, and Domestic Relations special revenue funds are located in the required supplementary information. The budgetary schedules for Office of Aging, Drug and Alcohol, and Liquid Fuels nonmajor special revenue funds are located in the combining and individual fund statements and schedules.

#### **5. Deposits and Investments**

##### **Deposits**

As of December 31, 2019, the County's bank balances, which include cash and investments, totaled \$80,855,357. Of the bank balances, \$1,434,626 was covered by federal depository insurance and the remainder was categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal policy relative to managing custodial credit risk.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 5. Deposits and Investments (continued)

##### Non-Pension Investments

The County utilizes various investment sources in an effort to maximize interest earnings on its non-pension cash balances. Commonwealth of Pennsylvania statutes limit the County to the types of investments it may make. Allowable investments include repurchase agreements, U.S. government and related agency obligations, Commonwealth of Pennsylvania and related agency obligations, and prime commercial paper. As of December 31, 2019, the County's non-pension investments included \$18,501,591 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit.

##### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2019, the County's non-pension investments included \$18,501,591 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County's non-pension investments are categorized as uninsured and collateralized with securities held by the pledging financial institution's agent but not in the County's name under Act 72 of the Commonwealth of Pennsylvania. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

##### *Interest Rate Risk*

Interest rate risk is the risk associated with changes in interest rates adversely affecting the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of December 31, 2019, the County's non-pension investments included \$18,501,591 invested in U.S. Treasury Strips, U.S. Treasury Mutual Funds, and Certificates of Deposit. The County manages its exposure to interest rate risk for non-pension investments by investing in fixed rate obligations. The non-pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing interest rate risk.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Non-Pension Investments (continued)**

*Interest Rate Risk (continued)*

As of December 31, 2019, the County's non-pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Non-Pension Investments					
U.S. Treasury Strips	\$ 387,299	\$ -	\$ 387,299	\$ -	\$ -
U.S. Treasury Mutual Funds	114,292	114,292	-	-	-
Certificates of Deposit	18,000,000	18,000,000	-	-	-
Total Non-Pension Investments	<u>\$ 18,501,591</u>	<u>\$ 18,114,292</u>	<u>\$ 387,299</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2019, the County's non-pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Non-Pension Investments				
U.S. Treasury Strips	\$ 387,299	\$ 387,299	\$ -	\$ -
U.S. Treasury Mutual Funds	114,292	114,292	-	-
Certificates of Deposit	18,000,000	18,000,000	-	-
Total Non-Pension Investments	<u>\$ 18,501,591</u>	<u>\$ 18,501,591</u>	<u>\$ -</u>	<u>\$ -</u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Non-Pension Investments (continued)**

###### *Interest Rate Risk (continued)*

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

###### *Credit Risk*

Credit risk is the risk associated with the counterparty failing to meet their obligations. The County follows the Pennsylvania County Code and Act 72 of the Commonwealth of Pennsylvania but does not have a formal policy relative to managing credit risk.

As of December 31, 2019, the County's non-pension investments include U.S. Treasury Strips with a fair value of \$387,299; U.S. Treasury Mutual Funds with a fair value of \$114,292; and Certificated of Deposits with a fair value of \$18,000,000, which are not rated.

##### **Pension Investments**

The County utilizes various investment options for the County's Pension Plan. As of December 31, 2019, the County's pension investments had a fair value of \$311,145,964. In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,095,369, U.S. Treasury Bills with a fair value of \$297,306, and Commercial Paper with a fair value of \$2,849,436, for the County's Pension Plan, which are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Pension Investments (continued)**

*Custodial Credit Risk*

As of December 31, 2019, the County's pension investments were subject to custodial credit risk except for \$2,095,369 invested in Money Market Funds, which do not expose the County to custodial credit risk. All pension investments are held by the counterparty in the counterparty's name and not the name of the County and are recorded by the counterparty in book entry form only in the name of the County. Although the County follows the Pennsylvania County Code, the County does not have a formal investment policy relative to managing custodial credit risk.

*Interest Rate Risk*

As of December 31, 2019, the County's pension investments were subject to interest rate risk as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1 – 5	6 – 10	More Than 10 Years
Pension Investments					
U.S. Government Securities	\$ 13,417,422	\$ -	\$ 6,013,161	\$ 6,821,350	\$ 582,911
Domestic Corporate Bonds	15,613,972	1,010,136	9,518,463	5,085,373	-
International Corporate Bonds	3,527,220	2,058,741	1,468,479	-	-
Collateralized Mortgage Obligations	3,988,033	-	2,891,566	358,113	738,354
Brokered CDs	2,792,772	465,946	2,326,826	-	-
Fixed Income Mutual Funds	18,955,740	18,955,740	-	-	-
<b>Total Pension Investments</b>	<b>\$ 58,295,159</b>	<b>\$ 22,490,563</b>	<b>\$ 22,218,495</b>	<b>\$ 12,264,836</b>	<b>\$ 1,321,265</b>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**5. Deposits and Investments (continued)**

**Pension Investments (continued)**

*Interest Rate Risk (continued)*

As of December 31, 2019, the County's pension investments had the following fair value measurements:

Investments by Fair Value Level	Fair Value as of December 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Pension Investments				
U.S. Government Securities	\$ 13,417,422	\$ 9,098,216	\$ 4,319,206	\$ -
Domestic Corporate Bonds	15,613,972	14,449,314	1,164,658	-
International Corporate Bonds	3,527,220	2,278,427	1,248,793	-
Collateralized Mortgage Obligations	3,988,033	586,655	3,401,378	-
Brokered CDs	2,792,772	2,792,772	-	-
Fixed Income Mutual Funds	18,955,740	18,955,740	-	-
Equity Mutual Funds	87,977,022	87,977,022	-	-
Real Estate Funds	21,624,417	-	21,624,417	-
Global Mutual Funds	74,906,167	55,399,180	19,506,987	-
International Equity Mutual Funds	34,237,755	34,237,755	-	-
Exchange Traded Index Funds	34,105,444	34,105,444	-	-
Total Pension Investments	<u>\$ 311,145,964</u>	<u>\$ 259,880,525</u>	<u>\$ 51,265,439</u>	<u>\$ -</u>

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions and information about market participant assumptions that are reasonably available.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Pension Investments (continued)**

###### *Interest Rate Risk (continued)*

In addition to the pension investments, the County maintains Money Market Funds with a fair value of \$2,095,369, U.S. Treasury Bills with a fair value of \$297,306, and Commercial Paper with a fair value of \$2,849,436. These investments are measured at Net Asset Value (NAV), have maturities of less than one year, and are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

The County manages its exposure to interest rate risk for pension investments by investing primarily in debt security instruments with fixed interest rates. The County's pension investment policy includes a desired annualized 7.25% real rate of return, though investment objectives are long-term in nature. The County does not have a formal investment policy relative to managing interest rate risk.

Pension investments with longer terms to maturity are inherently more sensitive to changes in interest rates as investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates.

Pension investments in collateralized mortgage obligations and mortgage-backed securities are more sensitive to changes in interest rates. Declining interest rates may give rise to potential increases in prepayments of the underlying mortgages.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 5. Deposits and Investments (continued)

##### Pension Investments (continued)

###### *Credit Risk*

The following schedule details the County's exposure to credit risk with respect to pension investments as of December 31, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating*</u>
<b>Pension Investments</b>		
U.S. Government Securities	\$ 13,417,422	Aaa
<b>Total U.S. Government Securities</b>	<b>13,417,422</b>	
Domestic Corporate Bonds	355,466	Aaa
Domestic Corporate Bonds	1,816,977	Aa
Domestic Corporate Bonds	9,856,811	A
Domestic Corporate Bonds	3,447,666	Baa
Domestic Corporate Bonds	85,766	Ba
Domestic Corporate Bonds	51,286	WR
<b>Total Domestic Corporate Bonds</b>	<b>15,613,972</b>	
International Corporate Bonds	2,278,427	Aa
International Corporate Bonds	1,248,793	A
<b>Total International Corporate Bonds</b>	<b>3,527,220</b>	
Collateralized Mortgage Obligations	1,497,926	Aaa
Collateralized Mortgage Obligations	609,407	Aa
Collateralized Mortgage Obligations	171,437	A
Collateralized Mortgage Obligations	1,709,263	NR
<b>Total Collateralized Mortgage Obligations</b>	<b>3,988,033</b>	
Brokered CDs	2,792,772	Aaa
<b>Total Brokered CDs</b>	<b>2,792,772</b>	
Fixed Income Mutual Funds	18,955,740	N/A
Equity Mutual Funds	87,977,022	N/A
Real Estate Funds	21,624,417	N/A
Global Mutual Funds	74,906,167	N/A
International Equity Mutual Funds	34,237,755	N/A
Exchange Traded Index Funds	34,105,444	N/A
<b>Total Pension Investments</b>	<b>\$ 311,145,964</b>	

\*expressed as Moody's quality ratings

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Pension Investments (continued)**

###### *Credit Risk (continued)*

Additionally, for the pension plan the County maintains Money Market Funds with a fair value of \$2,095,369, which are rated Aaa by Moody's; U.S. Treasury Bills with a fair value of \$297,306; and Commercial Paper with a fair value of \$2,849,436, which are rated P-1 by Moody's. All of these investments are reported as cash and temporary investments-operating in the Statement of Fiduciary Net Position.

Per County policy, the County manages its exposure to credit risk relative to pension investments by restricting the average quality of fixed income securities to meet or exceed a rating of A2 as determined by Moody's, and by the insistence of the minimum quality investments below Baa, as determined by Moody's, may not constitute more than twenty percent of the fixed income portfolio.

###### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2019, \$34,237,755 of the County's pension investments were held in international equity mutual funds, \$74,906,167 of the County's pension investments were held in global mutual funds, and \$3,527,220 of the County's pension investments were held in international corporate bonds. The holdings within these investments are of those companies located outside of the United States, denominated in other than U.S. dollars. The County's pension investment policy limits the County's exposure to foreign currency risk by ensuring that no more than 27% of total pension investments are invested in international equity securities.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Deposits**

###### *Discretely Presented Component Unit*

###### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2019, the Convention Center Authority's book balance was \$7,505,742 and the bank balance was \$6,131,262. Of the bank balance, \$500,000 was covered by federal depository insurance as of December 31, 2019. As of December 31, 2019, the remainder was exposed to custodial credit risk and categorized as collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits. The Convention Center Authority does not have a policy relative to managing custodial credit risk.

##### **Investments**

###### *Discretely Presented Component Unit*

Investments of the Convention Center Authority are subject to the same Pennsylvania statutes and limits as the County's non-pension investments. The Convention Center Authority's investments are considered Level 1 based on quoted market prices. As of December 31, 2019, the Convention Center Authority's investments included \$7,413,194 invested in money market funds.

###### *Custodial Credit Risk*

Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the Convention Center Authority will not recover the value of the investment or collateral securities that are in possession of an outside party. The Convention Center Authority does not have a formal policy for custodial credit risk. The Convention Center Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **5. Deposits and Investments (continued)**

##### **Investments (continued)**

###### *Discretely Presented Component Unit (continued)*

###### *Interest Rate Risk*

The Convention Center Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2019, all of the Convention Center Authority's investments had an average maturity of less than one year.

###### *Credit Risk*

With the exception of investments held in the Convention Center Authority's debt service reserve fund, the Convention Center Authority does not have a formal investment policy relative to managing credit risk. As of December 31, 2019, the Convention Center Authority's investment in money market funds were rated AAAM by Standard & Poor's.

###### *Concentration of Credit Risk*

The Convention Center Authority places no limit on the amount it may invest in any one issuer. As of December 31, 2019, there were no investments held by the Convention Center Authority that were subject to concentration of credit risk.

#### **6. Property Taxes**

Property taxes attach an enforceable lien on property as of January 1 and are levied on or before March 1. Taxes are collected at a 2% discount until April 30, at their face amount from May 1 until June 30, and include a 10% penalty from July 1 until January 15 of the subsequent year. After January 15 of the subsequent year, the levies are sent to the Lancaster County Tax Claim Bureau for collection. The County bills and collects its own taxes relating to property within the City of Lancaster and certain other municipalities that do not have elected tax collectors. Taxes relating to all other municipalities in the County are collected by elected tax collectors. The Lancaster County Tax Claim Bureau collects delinquent taxes on behalf of the County and other taxing authorities. Delinquent tax collections and remittances are accounted for through the County's Agency Fund.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **6. Property Taxes (continued)**

The County is permitted by the County Code of the Commonwealth of Pennsylvania to levy property taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on funded debt. The property tax rate for 2019 was 2.911 mills.

County property tax revenues were reduced by \$259,958 because of legislation enacted by the Commonwealth of Pennsylvania under the following programs:

##### *Local Economic Revitalization Tax Assistance (LERTA) Program*

The LERTA Program authorizes local taxing authorities within the County to exempt property taxes of new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated properties. The LERTA tax exemptions are authorized under Act 76 of 1977 (72 P.S. section 4722 et seq.) which was passed by the General Assembly of Pennsylvania. A local taxing authority by ordinance or resolution may exempt from real property taxation, the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within designated deteriorated areas. The County recognizes, supports, and approves any LERTA of any municipality located within the boundaries of the County that has established a standard LERTA from property tax for certain properties. Application to each local taxing authority for a tax exemption under a LERTA ordinance is to be made at the same time a building permit is secured or other official notification is made. A copy of the exemption request shall be forwarded to the Board of Assessment. The assessment agency shall assess separately the new construction or improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. The LERTA properties have different abatement periods and terms for different improvements. The abatement periods range from 5 to 10 years. At the end of the abatement period the exemption shall terminate.

The exempted portion of the assessable improvement is not included on the property owner's tax bill. The exemption from taxes is upon the eligible property and does not terminate upon the sale or exchange of the property.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 6. Property Taxes (continued)

##### *Local Economic Revitalization Tax Assistance (LERTA) Program (continued)*

The exemption from real estate taxes provided for herein shall be forfeited by the applicant and/or any subsequent owner of the real estate upon the occurrence of failure to pay any non-exempt real estate taxes by the last day of the time period to pay such taxes in the penalty period.

The following local taxing authorities within the County have enacted LERTA ordinances or resolutions:

- Columbia Borough
- East Cocalico Township
- Elizabethtown Borough
- Lancaster City
- Manheim Borough
- Millersville Borough
- Mount Joy Borough
- West Donegal Township

County forgone real estate tax revenue as a result of LERTA tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$141,196 for the year ended December 31, 2019.

##### *Keystone Opportunity Zone (KOZ) Program*

The KOZ Program requires the County to exempt property taxes of revitalized properties that were once abandoned, unused, or underutilized once it has been approved by the Department of Community and Economic Development (DCED). The KOZ tax exemptions are authorized under Act 16 of 2012 (P.L. 705, No. 92) which were passed by the General Assembly of Pennsylvania. Applicants must apply online annually with DCED no later than December 31<sup>st</sup> of the year for which they are applying for benefits. Once DCED approves their application the local Economic Development Corporation (EDC) and the owner of the property receive an approval letter. The local EDC office then forwards the approval letter to the County. The Lancaster County Property Assessment office issues an Exoneration Notice to all the taxing bodies in the County.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**6. Property Taxes (continued)**

*Keystone Opportunity Zone (KOZ) Program (continued)*

The exoneration is just for one year and applicants must re-apply annually. In order to qualify each year, a business shall own or lease real property in a KOZ and be in full compliance with all state and local tax laws and building and housing code provisions. Any existing qualified Pennsylvania business relocating into a KOZ must demonstrate a significant economic impact that will result from the relocation. Any qualified business that has received KOZ benefits and moves out of the KOZ within the first 5 years may be subject to penalties. In order for a resident to qualify, they must maintain compliance with all state and local tax laws and must reside 184 consecutive days at the property located in the KOZ during each tax year.

County forgone real estate tax revenue as a result of KOZ tax abatement agreements entered into by the Commonwealth of Pennsylvania was \$118,762 for the year ended December 31, 2019.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**7. Capital Assets**

A summary of capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,275,585	\$ –	\$ –	\$ 5,275,585
Easements	106,858,878	1,506,760	–	108,365,638
Total capital assets, not being depreciated	112,134,463	1,506,760	–	113,641,223
Capital assets, being depreciated:				
Buildings and improvements	211,899,789	3,412,910	(1,117,428)	214,195,271
Improvements other than buildings	1,877,519	–	(28,500)	1,849,019
Furniture and equipment	56,061,626	5,341,003	(4,948,293)	56,454,336
Infrastructure	26,191,955	4,146,662	–	30,338,617
Total capital assets being depreciated	296,030,889	12,900,575	(6,094,221)	302,837,243
Less accumulated depreciation for:				
Buildings and improvements	88,816,458	4,966,748	(943,245)	92,839,961
Improvements other than buildings	864,513	61,591	(19,950)	906,154
Furniture and equipment	25,934,020	3,151,739	(3,954,769)	25,130,990
Infrastructure	5,933,446	755,558	–	6,689,004
Total accumulated depreciation	121,548,437	8,935,636	(4,917,964)	125,566,109
Total capital assets, being depreciated, net	174,482,452	3,964,939	(1,176,257)	177,271,134
Governmental activities capital assets, net	\$ 286,616,915	\$ 5,471,699	\$ (1,176,257)	\$ 290,912,357

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**7. Capital Assets (continued)**

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 2,817,226
Public safety	2,623,278
Roads and bridges	755,558
Health, education, and welfare	136,265
Judicial	731,136
Corrections	1,619,943
Cultural and recreation	252,230
Total depreciation expense – governmental activities	<u>\$ 8,935,636</u>

Commitment amounts of \$6,723,672 for the acquisition, construction, and renovation of various capital assets were encumbered at year end.

*Discretely Presented Component Unit*

A summary of capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,579,621	\$ 27,896	\$ –	\$ 1,607,517
Total capital assets, not being depreciated	1,579,621	27,896	–	1,607,517
Capital assets, being depreciated:				
Building	75,376,869	13,527	–	75,390,396
Furniture and equipment	5,545,215	346,190	–	5,891,405
Total capital assets, being depreciated	80,922,084	359,717	–	81,281,801
Less accumulated depreciation for:				
Building	18,824,476	1,906,222	–	20,730,698
Furniture and equipment	4,128,655	436,435	–	4,565,090
Total accumulated depreciation	22,953,131	2,342,657	–	25,295,788
Total capital assets, being depreciated, net	57,968,953	(1,982,940)	–	55,986,013
Capital assets, net	<u>\$ 59,548,574</u>	<u>\$ (1,955,044)</u>	<u>\$ –</u>	<u>\$ 57,593,530</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**8. Lease Obligations**

*Capital Leases*

In 2012, the County entered into a lease agreement as lessee for financing the acquisition of a new communications system. The County has acquired equipment towards that system valued at \$25,031,381. The equipment has a twenty-year estimated useful life. This year, \$1,251,569 was included in depreciation expense and \$7,179,527 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 2,226,973
2021	2,226,973
2022	2,226,973
2023	2,226,973
2024	2,226,973
2025-2026	<u>4,260,582</u>
Total minimum lease payments	15,395,447
Less: amount representing interest at 3.159%	<u>1,662,909</u>
Present value of minimum lease payments	<u>\$ 13,732,538</u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of a new body scanner for the prison. The County has acquired equipment towards that system valued at \$121,163. The equipment has a seven-year estimated useful life. This year, \$12,116 was included in depreciation expense and \$12,116 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**8. Lease Obligations (continued)**

*Capital Leases (continued)*

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 20,098
2021	20,098
2022	20,098
2023	20,098
2024	20,098
2025-2026	40,196
Total minimum lease payments	<u>140,685</u>
Less: amount representing interest at 3.889%	19,522
Present value of minimum lease payments	<u><u>\$ 121,163</u></u>

In 2019, the County entered into a lease agreement as lessee for financing the acquisition of new voting equipment. The County has acquired equipment towards that system valued at \$2,710,994. The equipment has a five-year estimated useful life. This year, \$271,099 was included in depreciation expense and \$271,099 was included as accumulated depreciation. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 595,258
2021	595,258
2022	595,258
2023	595,258
2024	595,257
Total minimum lease payments	<u>2,976,289</u>
Less: amount representing interest at 3.195%	265,295
Present value of minimum lease payments	<u><u>\$ 2,710,994</u></u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**8. Lease Obligations (continued)**

*Operating Leases*

The County is committed under various leases for building and office space and data processing and other equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2019 amounted to \$2,911,822. Future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 2,376,877
2021	2,259,209
2022	1,736,345
2023	1,103,711
2024	806,669
2025-2029	3,628,935
2030-2034	3,821,906
2035-2039	4,128,198
2040-2044	1,055,975
Total	<u>\$ 20,917,825</u>

**9. Long-Term Liabilities**

*General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements*

The County issues general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements for the purposes of providing funds for and toward the cost of capital projects, asset acquisition, and easements, of and in the County or to refinance existing debt. General obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements are direct obligations and pledge the full faith and credit of the government.

The County is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

As determined under the Commonwealth of Pennsylvania Local Government Unit Debt Act of 1972, the total legal debt limit of the County as of December 31, 2019 was \$470,253,775. The total amount of debt applicable to the debt limit, which does not include lease rental debt, is \$185,458,000. The remaining legal debt margin of the County as of December 31, 2019 was \$284,795,775. Refer to Statistical Table 12 for a detailed calculation.

# County of Lancaster, Pennsylvania

## Notes to Financial Statements (continued)

### 9. Long-Term Liabilities (continued)

#### *General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)*

General obligation bonds consisted of the following as of December 31, 2019:

5.473% General Obligation Bonds, Series B of 2010 in the principal amount of \$9,425,000 to finance certain capital projects dated September 22, 2010, principal payable annually, varying in amounts from \$635,000 to \$2,295,000 from November 1, 2026 to November 1, 2030.	\$ 9,425,000
4.744% General Obligation Bonds, Series C of 2010 in the principal amount of \$7,165,000 to finance certain capital projects dated September 22, 2010, principal payable annually, varying in amounts from \$1,405,000 to \$1,980,000 from November 1, 2023 to November 1, 2026.	7,165,000
2.25% - 3.00% General Obligation Bonds, Series B of 2012 in the principal amount of \$7,065,000 to refund the outstanding General Obligation Notes, Series A of 2001 of the County dated April 13, 2012, principal payable annually, varying in amounts from \$1,315,000 to \$1,325,000 from November 1, 2020 to November 1, 2021.	2,640,000
2.25% General Obligation Bonds, Series D of 2012 in the principal amount of \$7,910,000 to refund the outstanding General Obligation Bonds, Series A of 2002 of the County dated April 13, 2012, principal payable annually, final principal amount of \$3,790,000 due November 1, 2020.	3,790,000
2.375% - 4.00% General Obligation Bonds, Series E of 2012 in the principal amount of \$20,235,000 to advance refund the outstanding General Obligation Bonds, Series of 2003 of the County dated August 29, 2012, principal payable annually, varying in amounts from \$960,000 to \$1,410,000 from November 1, 2020 to November 1, 2032.	15,235,000
3.00% - 3.375% General Obligation Bonds, Series A of 2013 in the principal amount of \$1,595,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$135,000 to \$275,000 from November 1, 2020 to November 1, 2022.	660,000
4.007% - 5.556% General Obligation Bonds, Series B of 2013 in the principal amount of \$5,200,000 to finance certain capital projects dated August 7, 2013, principal payable annually, varying in amounts from \$160,000 to \$630,000 from November 1, 2022 to November 1, 2033.	5,200,000
2.00% - 5.00% General Obligation Bonds, Series of 2015 in the principal amount of \$16,060,000 to advance refund the outstanding General Obligation Bonds, Series A of 2006 of the County dated March 12, 2015, principal payable annually, varying in amounts from \$1,455,000 to \$1,875,000 from May 1, 2020 to May 1, 2026.	11,575,000
2.00% - 5.00% General Obligation Bonds, Series A of 2015 in the principal amount of \$12,840,000 to refund the outstanding General Obligation Bonds, Series A of 2010 of the County dated September 2, 2015, principal payable annually, varying in amounts from \$1,665,000 to \$1,785,000 from November 1, 2020 to November 1, 2022.	5,175,000
4.00% - 5.00% General Obligation Bonds, Series A of 2016 in the principal amount of \$17,130,000 to advance refund the outstanding General Obligation Bonds, Series of 2006 (Remarketing) of the County dated August 10, 2016, principal payable annually, varying in amounts from \$1,030,000 to \$1,640,000 from May 1, 2020 to May 1, 2031.	15,890,000
1.50% - 3.00% General Obligation Bonds, Series B of 2016 in the principal amount of \$9,365,000 to refund the outstanding General Obligation Bonds, Series of 2011 of the County dated August 10, 2016, principal payable annually, varying in amounts from \$30,000 to \$1,635,000 from November 1, 2020 to November 1, 2027.	9,210,000
3.10% - 5.00% General Obligation Bonds, Series A of 2017 in the principal amount of \$21,620,000 to advance refund a portion of the outstanding General Obligation Bonds, Series A of 2009 of the County dated April 10, 2017, principal payable annually, varying in amounts from \$475,000 to \$1,990,000 from November 1, 2020 to November 1, 2033.	18,565,000

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)*

2.00% - 3.65% General Obligation Bonds, Series B of 2017 in the principal amount of \$6,255,000 to finance certain capital projects dated April 10, 2017, principal payable annually, varying in amounts from \$5,000 to \$470,000 from November 1, 2020 to November 1, 2037.	6,245,000
2.00% - 5.00% General Obligation Bonds, Series C of 2017 in the principal amount of \$19,000,000 to advance refund the outstanding General Obligation Bonds, Series A of 2012 of the County dated December 13, 2017, principal payable annually, varying in amounts from \$595,000 to \$1,755,000 from November 1, 2020 to November 1, 2032.	17,765,000
1.75% - 5.00% General Obligation Bonds, Series of 2018 in the principal amount of \$13,320,000 to refund the outstanding General Obligation Bonds, Series C of 2013 of the County dated March 21, 2018, principal payable annually, varying in amounts from \$930,000 to \$1,370,000 from March 1, 2020 to March 1, 2030.	12,410,000
2.00% - 4.00% General Obligation Bonds, Series of 2019 in the principal amount of \$20,255,000 to refund the outstanding General Obligation Bonds, Series A of 2009; to refund the outstanding General Obligation Bonds, Series of 2014; and to finance certain capital projects dated March 12, 2019, principal payable annually, varying in amounts from \$280,000 to \$2,835,000 from November 1, 2020 to November 1, 2044.	20,225,000

General obligation notes and direct borrowings consisted of the following as of December 31, 2019:

Variable rate interest bearing General Obligation Note, Series A of 2002 in the principal amount of \$25,050,000 to current refund Series of 2000, dated September 13, 2002, principal payable annually, varying in amounts from \$1,383,000 to \$2,439,000 from October 25, 2020 to October 25, 2030. Interest is payable monthly, based upon monthly calculations remitted by the trustee that include amounts sufficient to pay payments and receipts under any interest rate swap agreements, payments due to holders of the note, and monthly finance charges. The interest on the note will never exceed 15%.	20,487,000
3.77% Interest bearing General Obligation Note, Series of 2007 in the principal amount of \$10,000,000 to partially refund General Obligation Bond Series A of 2004 of the County dated December 31, 2007, principal payable annually in amounts ranging from \$1,863,400 to \$1,932,600 from November 1, 2020 to November 1, 2021.	3,796,000

Installment purchase agreements consisted of the following as of December 31, 2019:

5.50% Interest bearing installment purchase agreement in the amount of \$210,000, dated December 30, 2002, to finance the lease and subsequent purchase of an agricultural easement, principal payable in full on November 15, 2022.	210,000
5.85% Interest bearing installment purchase agreement in the amount of \$226,000, dated September 3, 2003, to finance the purchase of an agricultural easement, principal payable in full on November 15, 2023.	226,000

Total general obligation bonds, general obligation notes and direct borrowings, and installment purchase agreements as of December 31, 2019	\$ 185,894,000
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County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)*

A summary of the County’s general obligation bonds is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 13,650,000	\$ 6,235,646	\$ 19,885,646
2021	11,455,000	5,821,653	17,276,653
2022	13,875,000	5,416,734	19,291,734
2023	14,430,000	4,870,835	19,300,835
2024	12,785,000	4,277,876	17,062,876
2025-2029	62,315,000	13,436,890	75,751,890
2030-2034	25,080,000	3,353,914	28,433,914
2035-2039	4,185,000	1,052,953	5,237,953
2040-2044	3,400,000	378,812	3,778,812
	<u>\$ 161,175,000</u>	<u>\$ 44,845,313</u>	<u>\$ 206,020,313</u>

A summary of the County’s total general obligation notes and direct borrowings is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,246,400	\$ 531,513	\$ 3,777,913
2021	3,396,600	434,419	3,831,019
2022	1,545,000	333,162	1,878,162
2023	1,635,000	303,176	1,938,176
2024	1,730,000	271,444	2,001,444
2025-2029	10,291,000	812,808	11,103,808
2030	2,439,000	38,104	2,477,104
	<u>\$ 24,283,000</u>	<u>\$ 2,724,626</u>	<u>\$ 27,007,626</u>

A summary of the County’s installment purchase agreements is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ —	\$ 24,771	\$ 24,771
2021	—	24,771	24,771
2022	210,000	24,771	234,771
2023	226,000	13,221	239,221
	<u>\$ 436,000</u>	<u>\$ 87,534</u>	<u>\$ 523,534</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*General Obligation Bonds, General Obligation Notes and Direct Borrowings, and Installment Purchase Agreements (continued)*

A summary of the County’s total debt service commitments is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 16,896,400	\$ 6,791,930	\$ 23,688,330
2021	14,851,600	6,280,843	21,132,443
2022	15,630,000	5,774,667	21,404,667
2023	16,291,000	5,187,232	21,478,232
2024	14,515,000	4,549,320	19,064,320
2025-2029	72,606,000	14,249,698	86,855,698
2030-2034	27,519,000	3,392,018	30,911,018
2035-2039	4,185,000	1,052,953	5,237,953
2040-2044	3,400,000	378,812	3,778,812
	<u>\$ 185,894,000</u>	<u>\$ 47,657,473</u>	<u>\$ 233,551,473</u>

*General Obligation Bonds*

On March 12, 2019, the County issued General Obligation Bonds, Series of 2019, in the amount of \$20,225,000, to refund the General Obligation Bonds, Series A of 2009; to refund the General Obligation Bonds, Series of 2014; and to be used for financing of capital projects of the County. The Series of 2019 Bonds have principal payable annually beginning November 1, 2020, varying in amounts from \$280,000 to \$2,835,000, with a final maturity date of November 1, 2044. The Series of 2019 Bonds bears interest at fixed rates ranging from 2.00% to 4.00%.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *General Obligation Notes and Direct Borrowings*

In accordance with the Loan Agreement for the General Obligation Note, Series A of 2002, if an event of default shall have occurred and is continuing the Bank may (1) declare all repayments to be immediately due and payable, and (2) pursue any and all remedies now and hereafter existing under the debt act or otherwise at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement or to enforce the performance and observance of any other obligation or agreement of the County under the Loan Agreement.

In accordance with the General Obligation Note, Series of 2007, the County shall have the right to prepay any amount at any time and from time to time, in whole or in part; subject, however, to payment of any break funding indemnification amounts owing pursuant to the following. The County agrees to indemnify the Bank against any liabilities, losses, or expenses which the Bank sustains or incurs as a consequence of either (1) the County's failure to make a payment on the due date thereof, (2) the County's revocation in whole or in part of any notice given to Bank to request, convert, renew, or prepay any amounts bearing interest, or (3) the County's payment or prepayment or conversion of any amounts bearing interest on a day other than the regularly scheduled due date therefore. A notice as to any amounts payable pursuant to this paragraph given the County by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The County's indemnification obligations hereunder shall survive the payment in full of all amounts payable hereunder.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*Changes in Long-Term Liabilities*

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities:					
General obligation bonds payable	\$ 163,160,000	\$ 20,225,000	\$ 22,210,000	\$ 161,175,000	\$ 13,650,000
Net premium (discount) on bonds payable	8,357,567	925,595	1,440,520	7,842,642	1,440,520
General obligation notes and direct borrowings payable	27,392,400	—	3,109,400	24,283,000	3,246,400
Installment purchase agreements payable	436,000	—	—	436,000	—
Accrued vacation and sick pay	5,712,087	647,302	483,580	5,875,809	483,580
Capital leases	15,484,093	2,832,157	1,751,555	16,564,695	2,331,390
Net pension liability	33,686,724	—	33,686,724	—	—
Net OPEB liability	142,074,252	17,575,407	25,108,047	134,541,612	—
Contracts payable	734,227	473,001	583,032	624,196	538,327
Workers' compensation	657,388	79,573	416,302	320,659	95,253
Stadium loan payable	1,800,000	—	450,000	1,350,000	450,000
Governmental activities long-term liabilities	<u>\$ 399,494,738</u>	<u>\$ 42,758,035</u>	<u>\$ 89,239,160</u>	<u>\$ 353,013,613</u>	<u>\$ 22,235,470</u>

All long-term liabilities are expected to be repaid primarily from General Fund tax revenues.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *Discretely Presented Component Unit*

During the year ended March 31, 2007, the Convention Center Authority remarketed the Hotel Room Rental Tax Revenue Bonds, Series of 2003 (\$40,000,000), and issued the Hotel Room Rental Tax Revenue Bonds, Series of 2007 (\$23,920,000) for the purpose of paying, together with other available funds, the costs of (i) funding the design, acquisition, construction, furnishing, and equipping of that certain Lancaster County Convention Center, as defined in the indenture; (ii) funding necessary reserves for the project and the bonds; (iii) the establishment of necessary reserves and other funds under the indenture; (iv) payment of the costs and expenses of issuance of the bonds; and (v) refunding certain outstanding indebtedness of the issuer. The bonds were secured by a pledge of all current and future revenue derived by the Convention Center Authority from its share of hotel room rental tax and all monies and investments held by the Trustee Bank under the related indenture and are initially secured by an irrevocable, direct pay letter of credit issued by Wachovia Bank, National Association.

The bonds initially bore interest at a weekly rate. During the weekly mode, interest on the bonds was to be paid on the first business day of each calendar month, commencing on May 1, 2007. The weekly rate for the bonds was computed by Wachovia Bank, National Association for each weekly rate period. The weekly rate was not to exceed 12% per annum. At times specified in the indenture, the issuer had the ability to cause the bonds to be converted to a term mode. The bonds, if converted, were subject to mandatory purchase on the date of such conversion. The floating interest rate under the weekly mode was 67% of USD-LIBOR-BBA on the agreed-upon payment dates.

On October 3, 2011, the bonds were restructured and the Convention Center Authority entered into a continuing covenant agreement with Wells Fargo Bank. Under the agreement, the bank paid the purchase price of \$63,590,000 to the bank for the bonds. The bonds were to be held by the bank until the mandatory purchase date of March 1, 2013, at which time the bonds were subject to mandatory tender for purchase at an amount equal to 100% of the principal amount of the bonds, plus accrued interest. On this date, the Convention Center Authority was to cause the bonds to be remarketed to the bank or to new investors at any of the interest rate options provided in the agreement.

The bank extended the mandatory purchase date related to the bonds to August 1, 2014. All other provisions of the agreement remain in effect through the mandatory purchase date.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *Discretely Presented Component Unit (continued)*

Under the agreement, the interest rate was converted from the weekly rate to the index interest rate. The bonds were to bear interest at a per annum rate of interest equal to the sum of (i) the index, defined as 67% of LIBOR, and (ii) the applicable spread, commencing October 3, 2011. The applicable spread effective from October 3, 2011 through February 28, 2012 was defined as 95 basis points on the Series of 2003 bonds and 125 basis points on the Series of 2007 bonds. Effective March 1, 2012, the applicable spread increased to 175 basis points on the Series of 2003 bonds and 190 basis points on the Series of 2007 bonds. The applicable spread could be reduced if the Convention Center Authority was able to accomplish certain milestones as set forth in the agreement. At the option of the Convention Center Authority, the bonds could have been optionally redeemed or converted to another interest rate mode to be effective on the interest payment date prior to the mandatory purchase date upon 60 days written notice to the bank.

On August 1, 2014, the bonds were refunded through the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the amount of \$62,595,000. The fee received from the termination of the guaranteed investment contracts, including accrued interest, along with funds realized from a reduction in the debt service reserve fund requirements associated with the 2014 bonds totaling \$995,000, was used to pay a portion of the principal due on the bonds. In addition, the debt service reserve requirement for the 2014 bonds was reduced from \$4.1 million to \$3.9 million. The 2014 bonds are subject to mandatory tender on July 31, 2019.

The 2014 bonds initially bear interest, through the mandatory tender date, at a rate equal to the sum of the index rate, SIFMA or 70% of LIBOR, plus the applicable spread, initially 75 basis points, fixed for five years. The bonds will bear interest at the index rate during the index rate period provided no event of default has occurred. At the option of the Convention Center Authority, the bonds may be optionally redeemed or converted to another interest rate mode to be effective on any LIBOR reset date prior to the mandatory tender date upon 60 days written notice to the bank and compliance with the applicable provisions of the related documents.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **9. Long-Term Liabilities (continued)**

##### *Discretely Presented Component Unit (continued)*

On December 3, 2018, the Convention Center Authority and the trustee entered into the First Supplemental Trust Indenture related to the 2014 bonds. Under the indenture the index for the period December 3, 2018 through and including November 30, 2023 is 80% of LIBOR, and during any other interest rate period, 80% of LIBOR or such other percentage as may be designated by the bank. In addition, the applicable spread for the period December 3, 2018 through and including November 30, 2023 is 88 basis points provided that the County's bond ratings remains above certain thresholds. Finally, under the indenture, the mandatory tender date was modified to December 1, 2023.

In accordance with the Continuing Covenant Agreement, if an event of default, such as failure to pay principal and interest on the bonds when due, and other events defined by the Continuing Covenant Agreement, occurs and is continuing, the Bank may (1) by written notice to the trustee and the Convention Center Authority, declare the outstanding amount of the bonds to be immediately due and payable; (2) deliver a written notice to the trustee and Convention Center Authority that an event of default has occurred and is continuing and direct the trustee and the Convention Center Authority to cause a mandatory tender of acceleration of the bonds; (3) by written notice to the trustee, direct the trustee to notify the Treasurer of the County of Lancaster that an event of default has occurred and is continuing and direct the Treasurer of the County to transfer 100% of the hotel tax revenues to the Convention Center Authority for such period as necessary to cure the event of default or take such other remedial actions as is provided for in the indenture; (4) take whatever action at law or in equity may appear necessary to collect the amounts due and payable and to enforce performance or observation of any obligation, agreement, or covenant of the Convention Center Authority; (5) cure any default, event of default, or even to nonperformance provided however that the bank will have no obligation to effect such a cure; (6) exercise or cause to be exercised any and all remedies available at law and at equity.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**9. Long-Term Liabilities (continued)**

*Discretely Presented Component Unit (continued)*

Debt service requirements are as follows:

	Principal	Interest	Total
2020	\$ 630,000	\$ 1,403,302	\$ 2,033,302
2021	655,000	1,384,841	2,039,841
2022	670,000	1,369,633	2,039,633
2023	58,320,000	2,696,265	61,016,265
	<u>\$ 60,275,000</u>	<u>\$ 6,854,041</u>	<u>\$ 67,129,041</u>

During the year ended December 31, 2019, the following changes occurred with the Convention Center Authority's revenue bonds payable:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Revenue bonds payable	<u>\$ 60,845,000</u>	<u>\$ -</u>	<u>\$ 570,000</u>	<u>\$ 60,275,000</u>	<u>\$ 630,000</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**10. Self-Insurance Claims Liability**

The County is self-insured for workers' compensation in accordance with Article III of the Pennsylvania Workers' Compensation Act of 1915 as reenacted and amended. The liability is recorded as estimated by the County's actuary; such claims are discounted at 4% for workers' compensation. The Bureau of Workers' Compensation issued an exemption permit renewing the County's self-insurance status on December 11, 2018.

The County is also self-insured for unemployment compensation; however, payments are made quarterly to the Commonwealth of Pennsylvania and any resulting liability is considered short term and included within accounts payable.

Changes in the County's self-insurance claims reserves for the years ending December 31, 2019 and 2018 were as follows:

	Reserve Balance as of January 1, 2019	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2019
Workers' Compensation	\$ 657,388	\$ 79,573	\$ 416,302	\$ 320,659

	Reserve Balance as of January 1, 2018	Current Year Claims	Claim Payments	Reserve Balance as of December 31, 2018
Workers' Compensation	\$ 858,686	\$ 331,480	\$ 532,778	\$ 657,388

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**11. Interfund Balances**

Individual fund receivable and payable balances as of December 31, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,390,555	\$ -
Behavioral Health and Developmental Services Fund	-	1,390,555
Total	<u>\$ 1,390,555</u>	<u>\$ 1,390,555</u>

The balance due to the General Fund resulted from a cash deficit position in the Behavioral Health and Developmental Services Fund.

**12. Interfund Transfers**

Interfund transfers for the year ended December 31, 2019 consisted of the following:

	<u>Interfund Transfers-In</u>	<u>Interfund Transfers-Out</u>
General Fund	\$ -	\$ 12,687,832
Children and Youth Services Fund	8,957,702	-
Behavioral Health and Developmental Services Fund	960,561	-
Domestic Relations Fund	1,846,715	-
Human Services Block Grant	561,500	650,024
Nonmajor Governmental Funds	1,011,378	-
Total	<u>\$ 13,337,856</u>	<u>\$ 13,337,856</u>

Transfers are utilized to use unrestricted revenues collected in the General Fund and deferred inflows of resources in the Human Services Block Grant Fund. This is to finance various grant programs accounted for in other funds in accordance with budgetary and legal authorizations.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **13. Commitments and Contingent Liabilities**

The County receives funds from the Commonwealth of Pennsylvania and various Federal agencies to fund specific programs. Final determination of various amounts is subject to audit under the Office of Management and Budget's (OMB) Uniform Guidance implemented in 2014 and by the responsible agencies. County officials believe that any audit adjustments resulting from final settlements will be immaterial in relation to the County's financial resources.

The County is involved as either plaintiff or defendant in several lawsuits and claims. However, it is the opinion of County solicitors that there are no probable or estimateable claims against the County that would materially affect the financial position of the County.

On December 3, 2018, the Convention Center Authority entered into the First Supplemental Trust Indenture related to the issuance of the Hotel Room Rental Tax Revenue Bonds, Series of 2014. The 2014 bonds debt service payments are guaranteed by the County. As of December 31, 2019, \$60,275,000 of the bonds remained outstanding. The County does not expect to make a payment on the guarantee; therefore, the County has not recognized a liability.

As of December 31, 2019, hotel room rental tax revenues were sufficient to cover the debt service on the Bonds; thus, it was not necessary for the County to replenish the debt service reserve fund.

On May 15, 2004, the County guaranteed revenue bonds issued by the Redevelopment Authority in the amount of \$13,505,000 to fund the site acquisition, design, construction, and operation of a multi-purpose stadium and related improvements. The bonds of the Redevelopment Authority are payable solely and exclusively from, and secured by, (1) the use of the multi-purpose stadium facilities, (2) restricted funds established under the indenture, and (3) to the extent necessary, sums the County is obligated to pay pursuant to the guaranty agreement. On January 15, 2013, the bonds were refunded through the issuance of the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013, in the amount of \$10,950,000. As of December 31, 2019, \$5,840,000 of the bonds remained outstanding. The County guaranteed lease rental debt of the Redevelopment Authority for the stadium. As of December 31, 2019, the County's guarantee equaled a maximum annual debt service amount of \$1,097,590.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**13. Commitments and Contingent Liabilities (continued)**

On December 21, 2016, the County approved a resolution where the Lancaster Baseball Club, LLC (the Club) requested assistance from the County for a portion of the debt service for a limited period of time on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013. The agreement was subsequently approved on February 17, 2017. Under the agreement the County will allocate an amount of up to \$450,000 per year for six years, from 2017 to 2022, to assist with debt service on the Redevelopment Authority’s bonds. The amounts allocated by the County are not to exceed \$2,700,000 and are considered a loan to the Club which must be repaid. The loan will bear interest at 6% beginning on January 1, 2020. The Club will pay annual principal installments of \$270,000 beginning on January 1, 2023, until the principal and all accrued interest are paid in full. Commencing in 2017, the Club, or its partners, will pledge to the County, security in the form of mortgage liens on property in Lancaster County equal in value to the outstanding principal amount of the loan plus accrued interest. Effective January 1, 2023, the Club will assume responsibility for making all payments of debt service due on the Redevelopment Authority of the County of Lancaster Taxable Guaranteed Stadium Bonds, Series of 2013.

It was determined that the County is more likely than not to loan the Club an amount for a portion of the debt service of the bonds. The amount of the liability is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of this agreement.

The liability recognized for nonexchange financial guarantees by the County as of December 31, 2019, is as follows:

Balance as of January 1, 2019	Increases	Decreases	Balance as of December 31, 2019
\$ 1,800,000	\$ —	\$ 450,000	\$ 1,350,000

On September 2, 2005, the County guaranteed a note in the amount of \$100,000 issued by the Lancaster Industrial Development Authority to the Redevelopment Authority. Principal and interest on this note are due June 30, 2025.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **13. Commitments and Contingent Liabilities (continued)**

##### *Discretely Presented Component Unit*

Under the continuing covenant agreement, the Convention Center Authority is required to maintain certain minimum balances in the funds held at the Trustee Bank. Failure to meet this liquidity covenant for any quarterly period represents an event of default.

Beginning in 2014 and amended in 2018, the Convention Center Authority approved a collaboration agreement in an effort to increase the marketability of the Convention Center, and, in turn, the promotion and attraction of business, industry, commerce, and tourism within the County. The Convention Center Authority agrees to make payments for the purpose of targeting marketing activities to attract higher priority events. The funding shall amount to \$35,000 per year through 2023. The Convention Center Authority also agrees to set aside funding for capital reserves to replace capital assets. The funding shall amount to \$900,000 for 2020 and \$1,000,000 for 2021 through 2023. This funding can be offset by Lancaster CRIZ Authority contributions to the capital reserves.

#### **14. Other Post-Employment Benefits**

##### *Summary of Significant Accounting Policies*

The County has committed to provide other post-employment benefits (OPEB) to its retirees if they meet certain requirements. The financial information is prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the commitment. The total OPEB liability is calculated based on the entry age normal level percent of pay actuarial cost method. These benefits are not currently pre-funded by the County.

##### *Description of Plan*

The County, through its substantive commitment to provide OPEB benefits, maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to former full-time employees who meet certain eligibility requirements. The County is assumed to be a single-employer without a special funding situation without a qualified trust for the purposes of reporting under GASB 75.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**14. Other Post-Employment Benefits (continued)**

*Plan Administration*

The County sponsors a medical and prescription drug plan for its employees. Eligible retirees may continue health coverage through the County for life or Medicare eligibility, depending on their hire date. The County funds its OPEB on a pay-as-you-go basis and has no plan assets (investments) used specifically for paying the post-retirement medical benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and 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 County and plan members to that point. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated. Benefit and contribution provisions of the plan are authorized and amended by the County Commissioners.

*Plan Membership*

As of December 31, 2019, the plan's membership consisted of the following:

Retirees receiving benefits	689
Active members	<u>1,669</u>
Total membership	<u><u>2,358</u></u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **14. Other Post-Employment Benefits (continued)**

##### *Benefits Provided*

The benefits cover eligible retirees who elect to participate and pay any required contributions. Specific details of the plan include the provision of certain hospitalization, major medical insurance, and prescription drug coverage. These benefits are provided through insurance companies. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. There are no employer-subsidized ancillary benefits (life insurance, dental, and or vision) at retirement.

To be eligible for the benefits full-time employees must meet certain eligibility requirements. Full-time employees hired before January 1, 2012 are eligible for lifetime retiree health benefits once they are eligible to receive retirement income from the Employee Retirement Plan and have five years of service. Full-time employees hired January 1, 2012 through December 31, 2018 are eligible for retiree health benefits until Medicare eligibility once they are eligible to receive retirement income from the Employee Retirement Plan and have 20 years of service. Employees hired on or after January 1, 2019 are not eligible for retiree health benefits. Eligibility requirements to receive retirement income from the Employee Retirement Plan are as follows:

- Normal Retirement: Earlier of (a) age 55 with 20 years of service or (b) age 60 (no service requirement).
- Early Retirement: 20 years of service.

##### *Contributions*

Since the County funds its OPEB on a pay-as-you-go basis and has no plan assets used specifically for paying the post-retirement medical benefits, premiums under the plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the County in accordance with rates established by the County and by the County itself from appropriate governmental funds. For 2019, contribution rates for plan members under 65 equaled \$22.38 per participant per month. Contribution rates for plan members 65 and over equaled \$100.06 per participant per month. For the year ended December 31, 2019, plan members receiving benefits paid \$654,939, which was used to offset the County's total outlays to insurance carriers equaling \$2,981,177 for current year premiums due. The net outlay from the County, which equaled \$2,326,238 represents the County's net cost paid for current year premiums due.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**14. Other Post-Employment Benefits (continued)**

*Discount Rate*

The discount rate used to measure the total OPEB liability was 2.74% for the current measurement period. GASB 75 specifies that the discount rate should be selected based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As prescribed by GASB 75, since the County does not fund the plan, the discount rate is set equal to the 20-year municipal bond rate, which was 2.74% as of December 31, 2019.

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

The following presents the net OPEB liability of the County, calculated using the discount rate of 2.74%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.74%) or one-percentage-point higher (3.74%) than the current rate:

	1% Decrease <u>(1.74%)</u>	Current Discount Rate <u>(2.74%)</u>	1% Increase <u>(3.74%)</u>
County's net OPEB liability	\$158,020,505	\$134,541,612	\$115,608,794

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

The healthcare trend assumption used in the valuation was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. Sample rates are shown below:

<u>Year</u>	<u>Annual Trend</u>
2019	5.40%
2020	5.40%
2025	5.19%
2030	5.18%
2035	5.18%
2040	5.18%
2050	4.91%
2060	4.74%
2070	4.27%
2075 & Ultimate	3.94%

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**14. Other Post-Employment Benefits (continued)**

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend (continued)*

The following presents the net OPEB liability of the County, calculated using the annual healthcare cost trend assumption noted, as well as what the County's net OPEB liability would be if it were calculated using a trend rate that is one-percentage-point lower or one-percentage-point higher than the current trend:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
County's net OPEB liability	\$111,941,315	\$134,541,612	\$163,889,866

*Total OPEB Liability*

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019 and projected forward to December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Discount rate	2.74% measurement date
Mortality table	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement
Healthcare cost trends	5.40% for 2019 decreasing to an ultimate rate of 3.94% by 2075

The following assumptions have been updated since the last valuation:

- The health care trend rates applicable to per capita claims costs have been updated from an initial rate of 5.90% decreasing to an ultimate rate of 3.84% in 2075 to an initial rate of 5.40% decreasing to an ultimate rate of 3.94% in 2075. The change caused a slight increase in the County's liability.
- Retiree contributions were assumed not to increase in the future in prior valuation. In this year's valuation, retiree contributions are assumed to increase according to health care trend rates based on historical information. This change has caused a significant decrease in the County's Liability.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**14. Other Post-Employment Benefits (continued)**

*Changes in Net OPEB Liability*

During the year ended December 31, 2019, the following changes occurred in net OPEB liability:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 12/31/2018	\$ 142,074,252	\$ -	\$ 142,074,252
Changes for the Year:			
Service Cost	3,968,035	-	3,968,035
Interest	5,955,015	-	5,955,015
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(22,781,809)	-	(22,781,809)
Changes in Assumptions or Other Inputs	7,652,357	-	7,652,357
Contributions	-	2,326,238	(2,326,238)
Benefit Payments	(2,326,238)	(2,326,238)	-
Administrative Expenses	-	-	-
Net Changes	(7,532,640)	-	(7,532,640)
Balances at 12/31/2019	\$ 134,541,612	\$ -	\$ 134,541,612

*OPEB Expense and Deferred Outflows and Deferred Inflows of Resources*

For the 2019 measurement period, the County recognized pension expense of \$5,432,317 and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Differences between expected and actual experience	\$ -	\$ (19,527,265)
Change of assumptions or other inputs	6,559,163	(11,646,916)
Total	<u>\$ 6,559,163</u>	<u>\$ (31,174,181)</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**14. Other Post-Employment Benefits (continued)**

*OPEB Expense and Deferred Outflows and Deferred Inflows of Resources (continued)*

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

<b>Years ending:</b>	
2020	\$ (4,490,733)
2021	(4,490,733)
2022	(4,490,733)
2023	(4,490,733)
2024	(4,490,734)
Thereafter	<u>(2,161,352)</u>
	<u>\$ (24,615,018)</u>

For the 2019 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

**15. Employee Retirement Plan (Pension Trust Fund)**

*Summary of Significant Accounting Policies*

The Lancaster County Employee Retirement Plan's (the Plan) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Description of Plan*

The County maintains a single-employer contributory defined benefit pension plan covering substantially all County employees. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

*Plan Administration*

The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended, cited as the County Pension Law (the Act). The Act provides for the creation, maintenance, and operation of this Plan. Benefit and contribution provisions of the Plan are established and can be amended as provided by the Act.

Management of the Plan is vested in the Retirement Board, which consists of five members – three elected County Commissioners, the County Controller and the County Treasurer.

Administrative costs of the Plan, in accordance with a 1991 amendment to the Act, may be paid from Plan assets unless it is determined by the actuary that such payment will impair the actuarial soundness of the Plan. During 2019, administrative costs totaling \$86,935 were paid from Plan assets.

The Act makes no provision for termination of the Plan.

*Plan Membership*

Membership in the Plan is mandatory for all full-time County employees. As of December 31, 2019, the Plan's membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,372
Terminated Plan members enrolled but not yet receiving benefits	240
Active Plan members	<u>1,700</u>
Total members	<u><u>3,312</u></u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Benefits Provided*

The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the members' highest three-year average salary times the member's years of service depending on class basis. Retirement benefits vest after five years of credited service. Employees who retire at age 60 or with 20 years of service, if at least 55 years of age, are entitled to an unreduced annual retirement benefit. Employees are eligible for a reduced annual retirement benefit after accumulating 20 years of service prior to reaching age 55.

All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of the highest average salary at time of retirement.

Death benefits for a member who dies with ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum.

Employees that are involuntarily terminated from County employment are eligible for a reduced annual retirement benefit after accumulating eight years of service under certain circumstances.

A plan member who leaves County service with less than five years of service may withdraw their contributions, plus any accrued interest.

The general annual benefit is from 0.833% to 1.25% (depending on the date the employee entered the Plan) of the employee's highest three-year salary times years of service.

On an ad hoc basis, cost-of-living adjustments (COLA) to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **15. Employee Retirement Plan (Pension Trust Fund) (continued)**

##### *Contributions*

Covered employees are required by the Act to contribute to the Plan at a rate of 5% of their annual covered salary. Employees may contribute up to an additional 10% of gross pay, at their option. The contributions are recorded in an individually identified account which is also credited with interest, calculated to yield between 4.0% - 5.5% (as determined by the Retirement Board) compounded annually. Accumulated employee contributions and credited interest, which amounted to \$75,683,563 as of December 31, 2019, vest immediately and are returned upon termination of service if the employee is not eligible for other benefits.

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2019 measurement period, the active member contribution rate was 5.0% of annual pay, and the County average contribution rate was 6.02% of annual payroll.

The Plan's funding policy provides for periodic member contributions as discussed above and employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The actuarial cost method used to determine the Plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age. Significant actuarial assumptions used to compute the annual employer required contributions for the current year are the same as those used to compute the net pension liability.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Discount Rate*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2019 measurement period are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.4-6.4%
International equity	5.5-6.5%
Fixed income	1.3-3.3%
Real estate/Alternative	4.5-5.5%
Cash	0.0-1.0%

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

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower, 6.25%, or one-percentage-point higher, 8.25%, than the current rate:

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
County’s net pension liability	\$33,653,050	\$(1,096,997)	\$(30,259,934)

*Investments*

The Plan’s investments are held in a bank-administered trust fund. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board’s asset allocation policy for the 2019 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	48%
International equity	22%
Fixed income	22%
Real estate	7%
Cash	1%

The Plan’s investment policy does not allow for an investment of 5% or more of Plan investments in any single corporation or group of affiliated corporations.

For the 2019 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Total Pension Liability (Asset)*

The total pension liability was determined by an actuarial valuation for the 2019 measurement period as of January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% average, including inflation
Investment rate of return	7.25% net of pension plan investment expense, including inflation
Postretirement benefit increases	none

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement.

*Net Pension Liability (Asset)*

The components of the net pension liability (asset) of the County for the 2019 measurement period were as follows:

Total pension liability	\$ 316,215,326
Plan fiduciary net pension	317,312,323
County's net pension liability (asset)	<u>\$ (1,096,997)</u>
 Plan fiduciary net position as a percentage of the total pension liability (asset)	 100.35%

The actuarial assumptions used in the valuation for the 2019 measurement period were based on past experience under the plan and reasonable future expectations, which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

The amortization of the unfunded actuarial accrued liability is over a 30-year period on a closed basis. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Changes in Net Pension Liability (Asset)*

During the year ended December 31, 2019, the following changes occurred in net pension liability (asset):

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at 12/31/2018	\$ 303,417,247	\$ 269,730,523	\$ 33,686,724
Changes for the Year:			
Service Cost	7,045,808	-	7,045,808
Interest	21,978,922	-	21,978,922
Differences Between Expected and Actual Experience	1,308,820	-	1,308,820
Changes in Assumptions	-	-	-
Contributions – Employer	-	5,048,537	(5,048,537)
Contributions – Member	-	5,762,873	(5,762,873)
Net Investment Income	-	54,392,796	(54,392,796)
Benefit Payments, Including Refunds of Member Contributions	(17,535,471)	(17,535,471)	-
Administrative Expenses	-	(56,025)	56,025
Other	-	(30,910)	30,910
Net Changes	12,798,079	47,581,800	(34,783,721)
Balances at 12/31/2019	<u>\$ 316,215,326</u>	<u>\$ 317,312,323</u>	<u>\$ (1,096,997)</u>

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources*

For the 2019 measurement period, the County recognized pension expense of \$5,128,307 and reported deferred outflows of resources / (deferred inflows of resources) related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Differences between expected and actual experience	\$ -	\$ (302,500)
Change of assumptions	-	(15,455,363)
Net difference between projected and actual earnings on pension plan investments	4,008,520	-
Total	<u>\$ 4,008,520</u>	<u>\$ (15,757,863)</u>

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**15. Employee Retirement Plan (Pension Trust Fund) (continued)**

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources (continued)*

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

<b>Years ending:</b>	
2020	\$ (2,809,957)
2021	(2,807,694)
2022	738,647
2023	<u>(6,870,339)</u>
	<u>\$ (11,749,343)</u>

For the 2019 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

*Legally Required Reserves*

As of December 31, 2019, the Plan has a balance of \$75,683,563 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2019. Since these accumulations represent the present value as of December 31, 2019, of future benefits, the reserve balance and liability are identical.

The Plan has a balance of \$46,060,841 in the County Annuity Reserve Account as of December 31, 2019. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances.

This is the account out of which regular interest is credited to the Members' Annuity Reserve Account and Retired Members' Reserve Account, administrative expenses may be paid, and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County annuities actually entered upon.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The assets allocated to this reserve account as of December 31, 2019 amount to \$151,157,889. The corresponding liability for those annuitants on the roll is identical.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### 16. Derivative Instruments

##### *Objectives of the Interest Rate Swap*

In order to take advantage of interest rate environments in the financial markets, the County has previously entered into a pay-fixed/receive-variable interest rate swap associated with the general obligation debt series listed below.

##### *Significant Terms, Fair Values, and Credit Risk*

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The Fair Value Measurement Level for the County's interest rate swap is considered Level 2 based on significant observable inputs.

The associated debt series (general obligation bonds or notes), terms, notional amounts, cash received at initiation, fair values, changes in fair values, classifications, and counterparty credit ratings of the outstanding swap as of December 31, 2019, are as follows. The swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated original debt series.

##### Hedged Derivative Instruments – Floating to Fixed Swap

Associated Debt Series	Effective Date	Termination Date	Type	County Pays	County Receives	Swap Notional Amount	Cash Received at Initiation	Classification	Change in Fair Value	Classification	Fair Value 12/31/2019	Counterparty Credit Rating*
GON 2002A	1/1/2002	10/25/2030	Pay-fixed/ receive- variable swap	5.195%	60% 1m LIBOR +30.3bp	<u>\$24,697,000</u>	<u>\$3,000,000</u>	Deferred Outflows of Resources	<u>\$(143,013)</u>	Debt	<u>\$(4,747,953)</u>	Aa2 / A+ / AA

\*Moody's, Standard & Poor's, and Fitch credit ratings

The unamortized portion of the up-front premium received by the County related to the swap or hedged derivative instrument is considered a borrowing for financial reporting purposes and is recorded as a liability in the government-wide financial statements in the amount of \$1,130,434, with the balance of \$3,617,519 recorded as an interest rate swap liability.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **16. Derivative Instruments (continued)**

##### *Credit Risk*

Because the hedged derivative has a negative fair value, the County is currently not exposed to credit risk. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

##### *Basis Risk*

Basis risk exists to the extent the County's variable rate debt coupon payments do not exactly equal the index on the associated swap. The swap exposes the County to basis risk, should the relationship between the 1-Month LIBOR rate, the basis of the swap interest payments, and SIFMA, the basis of the associated debt's interest payments, converge, thus changing the synthetic rate on the associated debt. The effect of this difference in basis is indicated by the differences between the intended synthetic rates and the actual synthetic rates as of December 31, 2019. As of December 31, 2019, the 1-Month LIBOR rate equaled 1.80% and SIFMA equaled 1.61%.

##### *Interest Rate Risk*

The County's interest rate swap serves to guard against a rise in variable interest rates associated with the outstanding variable rate debt series. However, if the LIBOR index decreases, the County's net payment on interest rate swap increases; therefore, the County is exposed to interest rate risk on its interest rate swap.

##### *Termination Risk*

The termination exposure of the County's swap agreement as of December 31, 2019 is limited only to the swap with negative fair values; the County would have to pay the respective amounts in order to terminate the associated swap. Either the County or the Counterparty can terminate the agreements if certain contractual events occur including the reduction of either party's credit rating below BBB+ as rated by Standard & Poor's or Baa1 as rated by Moody's.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Derivative Instruments (continued)**

*Swap Payments and Associated Debt*

Using rates as of December 31, 2019, debt service requirements of the variable rate debt and net swap payments are illustrated as follows. As rates vary, variable rate debt interest payments and net swap payments will vary.

Fiscal Year Ending December 31	Variable Rate Debt		Interest Rate	Total
	Principal	Interest	Swap, Net	
2020	\$ 1,383,000	\$ 307,574	\$ 728,316	\$ 2,418,890
2021	1,464,000	284,004	672,502	2,420,506
2022	1,545,000	259,130	613,601	2,417,731
2023	1,635,000	232,806	551,269	2,419,075
2024	1,730,000	204,953	485,315	2,420,268
2025-2029	10,291,000	546,756	1,294,682	12,132,438
2030	2,439,000	-	-	2,439,000
Total	<u>\$ 20,487,000</u>	<u>\$ 1,835,223</u>	<u>\$ 4,345,685</u>	<u>\$ 26,667,908</u>

*Discretely Presented Component Unit*

*Objective of the Interest Rate Swap*

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2007, the Convention Center Authority entered into an interest-rate swap in connection with Series of 2003 and Series of 2007 variable rate hotel room rental tax revenue bonds. The intention of the swap was effectively to change the Convention Center Authority's variable interest rate on that portion of the bonds to a synthetic rate of 3.65%. Pursuant to an amended and restated confirmation between the Convention Center Authority and the Counterparty, Wells Fargo Bank, dated September 28, 2011, the amortization, maturity dates, and fixed payment rates on the swap related to the bonds were amended. Effective October 3, 2011, the fixed payment on the swap related to the Series of 2003 bonds was 3.67% and the fixed payment on the swap related to the Series of 2007 bonds was 3.57%.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **16. Derivative Instruments (continued)**

##### *Discretely Presented Component Unit (continued)*

##### *Objective of the Interest Rate Swap (continued)*

Pursuant to an amended and restated confirmation between the Convention Center Authority and the bank, dated November 27, 2018, the fixed payment rates and the floating rates on the swap related to the bonds were amended. Effective December 3, 2018 through the mandatory tender date of December 1, 2023, in conjunction with the agreement and the First Supplemental Trust Indenture, the synthetic fixed rate on the swap related to the Series of 2003 bonds is 4.07%, the synthetic fixed rate on the swap related to the Series of 2007 bonds is 3.97%, and the floating rate for both the Series of 2003 bonds and Series of 2007 bonds is 80% of the one-month LIBOR. After the mandatory tender date of December 1, 2023, the fixed rate on the swap related to the Series of 2003 bonds and Series of 2007 bonds reverts to 3.67% and 3.57%, respectively. All other terms of the swap remained the same.

##### *Terms*

The bonds and the related swap agreements mature on December 1, 2042 (Series of 2003) and December 1, 2047 (Series of 2007), and the swap's notional amount of \$40,000,000 and \$23,920,000, respectively, was 100% of the total issue amount of the underlying bonds. The notional amount of the swap agreement decreases as the outstanding principal amount of the corresponding Series of 2003 bonds and Series of 2007 bonds were scheduled to decrease through maturing principal. The swap agreements were entered into in March 2007. Prior to October 3, 2011, under the swap agreements, the Convention Center Authority paid the counterparty a fixed payment of 3.65% and received a variable payment computed as 67% of the one-month LIBOR. Conversely, the bonds' variable-rate was based on the weekly rate determined by the remarketing agent. Effective October 3, 2011, the Convention Center Authority pays the counterparty a fixed payment of 3.67% related to the applicable notional amounts of the Series of 2003 bonds and 3.57% related to the applicable notional amounts of the Series of 2007 bonds. Effective December 1, 2018, the Convention Center Authority pays the counterparty a fixed payment of 4.07% related to the applicable notional amounts of the Series of 2003 bonds and 3.97% related to the applicable notional amounts of the Series of 2007 bonds.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **16. Derivative Instruments (continued)**

##### *Discretely Presented Component Unit (continued)*

##### *Terms (continued)*

Pursuant to the swap agreements, the Convention Center Authority pays or receives to/from the counterparty a monthly net swap payment. For the year ended December 31, 2019, the Convention Center Authority paid \$1,543,344 and \$949,624 fixed and received \$713,481 and \$450,065 variable with respect to the swap on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, respectively.

##### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Convention Center Authority's financial statements. The swap is highly sensitive to changes in interest rates; changes in the variable rate will have a material effect on the swap's fair value.

##### *Fair Value Risk*

Fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value is based upon mid-market quotations for the transactions. Mid-market quotations are based on bid/ask quotations shown on reliable electronic information screens as of close of business on the date specified. Such amounts represent the present value difference between the floating rate receipt and fixed rate payment as of December 31, 2019 and the termination value fluctuates as the interest rates fluctuate.

Because the 2011 amendment and restatement changed the critical terms of the swap agreements, the original swap was effectively terminated upon amendment. At the date of amendment, the swap liability was reclassified to a swap borrowing on the balance sheet. Governmental accounting standards require that the borrowing be amortized to offset interest expense over the life of the bonds.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Derivative Instruments (continued)**

*Discretely Presented Component Unit (continued)*

*Fair Value Risk (continued)*

The change in fair value for the interest rate swaps is as follows:

Associated Debt Series	Notional Amount	January 1, 2019 Fair Value	Amortization of Swap Borrowing	Change in Fair Value Subsequent to Termination	December 31, 2019 Fair Value
Series of 2003 Bonds	\$37,920,000	\$(9,211,737)	\$403,105	\$(3,000,054)	\$(11,808,686)
Series of 2007 Bonds	23,920,000	(8,517,809)	258,522	(3,179,884)	(11,439,171)
		<u>\$(17,729,546)</u>	<u>\$661,627</u>	<u>\$(6,179,938)</u>	<u>\$(23,247,857)</u>

*Accounting and Risk Disclosures*

As noted in the fair value table, the effect of the termination of the original swap resulted in a swap borrowing. As of December 31, 2019, current period changes in fair value for the swap are accounted for as an investment and are recorded on the statement of activities as unrestricted investment earnings (loss). The fair value of the outstanding swap as of December 31, 2019 is reported on the statement of net position as a combination of interest rate swap liability and swap borrowing.

*Credit Risk*

As of December 31, 2019, the Convention Center Authority's swap agreements were not exposed to credit risk, because they had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the Convention Center Authority would be exposed to credit risk in the amount of the swap agreement's fair value. As of December 31, 2019, the counterparty was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA- by Fitch.

*Swap Payments and Associated Debt*

Using rates as of December 31, 2019, net swap payments on the applicable notional amounts of the Series of 2003 bonds and the applicable notional amounts of the Series of 2007 bonds, assuming current interest rates and floating rates under the swap agreement remain the same for their term, were as follows.

County of Lancaster, Pennsylvania

Notes to Financial Statements (continued)

**16. Derivative Instruments (continued)**

*Discretely Presented Component Unit (continued)*

*Swap Payments and Associated Debt (continued)*

As these rates vary, net swap payments on the applicable notional amounts of the Series of 2003 Bonds and the applicable notional amounts of the Series of 2007 Bonds will vary.

Series of 2003, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2020	\$ 630,000	\$ 993,388
2021	690,000	976,752
2022	755,000	958,398
2023	830,000	938,315
2024	900,000	857,242
2025-2029	5,780,000	3,909,265
2030-2034	8,380,000	3,067,625
2035-2039	11,760,000	1,864,089
2040-2042	7,625,000	371,836
	<u>\$ 37,350,000</u>	<u>\$ 13,936,910</u>

Series of 2007, Hotel Room Rental Tax Revenue Bonds

Fiscal Years Ending December 31	Notional Amount	Swap Agreement Payments, Net
2020	\$ -	\$ 612,274
2021	-	612,352
2022	-	612,352
2023	-	612,352
2024	-	571,383
2025-2029	-	2,857,178
2030-2034	-	2,857,178
2035-2039	-	2,857,178
2040-2044	10,525,000	2,588,489
2045-2047	13,395,000	697,707
	<u>\$ 23,920,000</u>	<u>\$ 14,878,443</u>

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **17. Negative Unrestricted Net Position**

The County's negative unrestricted net position, as shown on the December 31, 2019 statement of net position, is due to a GAAP requirement that established standards of accounting and financial reporting for governments that provide OPEB for their employees. The requirements of GASB 75 were effective for fiscal years beginning after June 15, 2017 and were implemented by the County during the year ended December 31, 2018. The County's net OPEB liability as of December 31, 2019 was \$(134,541,612).

The County funds its OPEB on a pay-as-you-go basis and has no plan assets (investments) used specifically for paying the post-retirement medical benefits. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and 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 County and plan members to that point. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits.

#### *Discretely Presented Component Unit*

The Convention Center Authority's negative unrestricted net position, as shown on the December 31, 2019 statement of net position, is due to a GAAP requirement for governmental entities to terminate hedge accounting when a termination event has occurred on a derivative instrument (interest rate swap). A termination event occurs when a significant change in a critical term of an interest rate swap is made.

Since the 2008 national financial crises, the Convention Center Authority has had a significant interest rate swap liability and understood that the liability would be realized if, or when, the Convention Center Authority refinanced its bonds or the hedge became ineffective. The October 2011 restructuring caused the Convention Center Authority to account for the termination of the hedge accounting as a liability on the statement of net position and recognize the swap loss on the statement of activities.

The December 31, 2019 fair value of the Convention Center Authority's interest rate swap was \$(23,247,857), when compared to the December 31, 2018 fair value of \$(17,729,546) for a negative change in valuation of \$5,518,311. All changes, including this \$5,518,311, in the fair value of the Convention Center Authority's interest rate swap is a reflection of market conditions and payments made under the swap agreement.

## County of Lancaster, Pennsylvania

### Notes to Financial Statements (continued)

#### **18. Subsequent Events**

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity, and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the County is currently uncertain and cannot be predicted.

On March 4, 2020, the County issued General Obligation Bonds, Series A of 2020. The Series A of 2020 Bonds were issued in the amount of \$14,920,000 to refund General Obligation Bonds, Series B of 2010 and to refund General Obligation Bonds, Series of C 2010. The Series A of 2020 Bonds have principal payable annually beginning November 1, 2021, varying in amounts from \$5,000 to \$2,115,000, with a final maturity date of November 1, 2030. The Series A of 2020 Bonds bears interest at fixed rates ranging from 1.05% to 4.00%.

On March 4, 2020, the County issued General Obligation Bonds, Series B of 2020. The Series B of 2020 Bonds were issued in the amount of \$10,560,000 to be used for the financing of capital projects of the County. The Series B of 2020 Bonds have principal payable annually beginning November 1, 2021, varying in amounts from \$5,000 to \$1,360,000, with a final maturity date of November 1, 2035. The Series B of 2020 Bonds bears interest at fixed rates ranging from 1.05% to 4.00%.

## **Required Supplementary Information**

County of Lancaster, Pennsylvania

Schedule of Changes in the County's Net

Other Post-Employment Benefits Liability and Related Ratios

	<u>2018</u>	<u>2019</u>
<b>Total OPEB liability</b>		
Service cost	\$ 4,564,894	\$ 3,968,035
Interest	5,305,611	5,955,015
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(22,781,809)
Changes of assumptions	(16,305,682)	7,652,357
Benefit payments	<u>(2,297,673)</u>	<u>(2,326,238)</u>
Net change in total OPEB liability	(8,732,850)	(7,532,640)
Total OPEB liability - beginning	<u>150,807,102</u>	<u>142,074,252</u>
Total OPEB liability - ending (a)	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 2,297,673	\$ 2,326,238
Contributions - member	-	-
Net investment income	-	-
Benefit payments	(2,297,673)	(2,326,238)
Administrative expenses	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	\$ -	\$ -
<b>Plan fiduciary net position - beginning</b>	-	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>County's net OPEB liability (asset) - ending (a) - (b)</b>	<u>\$ 142,074,252</u>	<u>\$ 134,541,612</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%
<b>Covered payroll</b>	\$ 82,059,110	\$ 79,099,450
<b>County's net OPEB liability as a percentage of covered payroll</b>	173.14%	170.09%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Notes To Schedule:

Effective 12/31/19, the discount rate assumption decreased from 4.11% to 2.74%.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total pension liability</b>						
Service cost	\$ 7,432,726	\$ 7,406,881	\$ 7,580,247	\$ 7,837,482	\$ 6,883,927	\$ 7,045,808
Interest	17,783,441	18,633,288	19,529,550	20,145,143	21,101,524	21,978,922
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(1,208,250)	(737,485)	56,883	(1,685,093)	(958,324)	1,308,820
Changes of assumptions	-	-	-	3,718,617	4,712,326	-
Benefit of payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)
Other	-	-	-	-	-	-
Net change in total pension liability	11,052,673	11,946,265	11,988,948	14,057,765	14,560,458	12,798,079
Total pension liability - beginning	<u>239,811,138</u>	<u>250,863,811</u>	<u>262,810,076</u>	<u>274,799,024</u>	<u>288,856,789</u>	<u>303,417,247</u>
Total pension liability - ending (a)	<u>\$ 250,863,811</u>	<u>\$ 262,810,076</u>	<u>\$ 274,799,024</u>	<u>\$ 288,856,789</u>	<u>\$ 303,417,247</u>	<u>\$ 316,215,326</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537
Contributions - member	5,034,095	4,973,865	5,110,678	5,401,676	5,597,884	5,762,873
Net investment income (loss)	13,976,986	(954,010)	18,635,668	39,274,752	(14,027,352)	54,392,796
Benefit payments, including refunds of member contributions	(12,955,244)	(13,356,419)	(15,177,732)	(15,958,384)	(17,178,995)	(17,535,471)
Administrative expense	(42,755)	(44,558)	(71,633)	(47,599)	(48,413)	(56,025)
Other	(21,557)	(22,027)	63,908	46,555	(42,173)	(30,910)
Net change in plan fiduciary net position	11,954,522	(4,174,336)	13,141,088	33,141,334	(21,299,994)	47,581,800
Plan fiduciary net position - beginning	<u>236,967,909</u>	<u>248,922,431</u>	<u>244,748,095</u>	<u>257,889,183</u>	<u>291,030,517</u>	<u>269,730,523</u>
Plan fiduciary net position - ending (b)	<u>\$ 248,922,431</u>	<u>\$ 244,748,095</u>	<u>\$ 257,889,183</u>	<u>\$ 291,030,517</u>	<u>\$ 269,730,523</u>	<u>\$ 317,312,323</u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 1,941,380</u>	<u>\$ 18,061,981</u>	<u>\$ 16,909,841</u>	<u>\$ (2,173,728)</u>	<u>\$ 33,686,724</u>	<u>\$ (1,096,997)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	99.23%	93.13%	93.85%	100.75%	88.90%	100.35%
<b>Covered payroll</b>	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412
<b>County's net pension liability as a percentage of covered payroll</b>	2.49%	22.73%	20.79%	(2.72%)	41.05%	(1.31%)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of County Contributions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 5,962,997	\$ 5,228,813	\$ 4,580,199	\$ 4,424,334	\$ 4,399,055	\$ 5,048,537
Contributions in relation to the actuarially determined contribution	5,962,997	5,228,813	4,580,199	4,424,334	4,399,055	5,048,537
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 77,867,605	\$ 79,478,129	\$ 81,355,686	\$ 80,039,687	\$ 82,059,110	\$ 83,892,412
Contributions as a percentage of covered payroll	7.66%	6.58%	5.63%	5.53%	5.36%	6.02%

**Notes to schedule**

Valuation date January 1, 2014 January 1, 2015 January 1, 2016 January 1, 2017 January 1, 2018 January 1, 2019

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

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	21 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	4.00% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years' service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

Schedule of Investment Returns

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	6.50%	0.00%	8.10%	15.87%	(4.55%)	20.84%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - General Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Real estate taxes	\$ 122,058,866	\$ 122,058,866	\$ 122,767,010	\$ 708,144
Intergovernmental	4,703,834	5,571,747	4,649,390	(922,357)
Departmental	26,603,848	26,603,848	26,083,528	(520,320)
Fines and costs	3,805,050	3,805,050	3,537,441	(267,609)
Investment earnings	1,000,000	1,000,000	1,695,643	695,643
Other	4,837,773	4,837,773	4,392,975	(444,798)
Total revenues	<u>163,009,371</u>	<u>163,877,284</u>	<u>163,125,987</u>	<u>(751,297)</u>
<b>EXPENDITURES</b>				
Current:				
General government	32,371,991	33,516,221	29,512,033	4,004,188
Public Safety	12,400,498	12,368,655	9,286,529	3,082,126
Judicial	46,707,921	46,794,762	44,483,470	2,311,292
Corrections	30,700,230	30,671,921	27,974,908	2,697,013
Cultural and recreation	2,536,313	2,532,668	2,219,288	313,380
Capital outlay	3,453,348	3,661,653	8,684,920	(5,023,267)
Debt service:				
Principal retirement	16,904,400	16,904,400	16,549,400	355,000
Interest and fiscal charges	8,328,131	8,339,910	7,473,374	866,536
Total expenditures	<u>153,402,832</u>	<u>154,790,190</u>	<u>146,183,922</u>	<u>8,606,268</u>
Excess (deficiency) of revenues over (under) expenditures	9,606,539	9,087,094	16,942,065	7,854,971
Transfers out	(13,943,378)	(13,943,378)	(12,687,832)	1,255,546
Total other financing sources (uses)	<u>(13,943,378)</u>	<u>(13,943,378)</u>	<u>(12,687,832)</u>	<u>1,255,546</u>
Net change in fund balances	<u>\$ (4,336,839)</u>	<u>\$ (4,856,284)</u>	4,254,233	<u>\$ 9,110,517</u>
Net increase in due from other funds			(41,728)	
Fund balance, January 1, cash basis			38,326,089	
Fund balance, December 31, cash basis			42,538,594	
Differences from modified accrual basis:				
Receivables:				
Taxes, net			2,158,451	
Fines and costs, net			5,708,628	
Accounts			2,939,577	
Due from other funds			1,390,555	
Due from other governments			1,975,578	
Accounts payable			(2,630,376)	
Deferred inflows of resources			(6,270,340)	
Payroll related accruals			(4,672,974)	
Fund balance at December 31, modified accrual basis			<u>\$ 43,137,693</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Children and Youth Services Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 35,723,029	\$ 35,723,029	\$ 28,842,793	\$ (6,880,236)
Departmental	1,609,110	1,609,110	633,615	(975,495)
Investment earnings	125	125	214	89
Total revenues	<u>37,332,264</u>	<u>37,332,264</u>	<u>29,476,622</u>	<u>(7,855,642)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Children and youth	47,399,753	47,299,803	43,641,031	3,658,772
Capital outlay	85,471	185,421	134,371	51,050
Total expenditures	<u>47,485,224</u>	<u>47,485,224</u>	<u>43,775,402</u>	<u>3,709,822</u>
Excess (deficiency) of revenues over (under) expenditures	(10,152,960)	(10,152,960)	(14,298,780)	(4,145,820)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,968,875	9,968,875	8,957,702	(1,011,173)
Net change in fund balances	<u>\$ (184,085)</u>	<u>\$ (184,085)</u>	<u>(5,341,078)</u>	<u>\$ (5,156,993)</u>
Fund balance, January 1, cash basis			<u>9,139,086</u>	
Fund balance, December 31, cash basis			3,798,008	
Differences from modified accrual basis:				
Due from other governments			2,531,169	
Accounts payable			(3,412,614)	
Payroll related accruals			<u>(324,554)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ 2,592,009</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Behavioral Health and Developmental Services Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 25,818,712	\$ 29,818,712	\$ 25,868,611	\$ (3,950,101)
Departmental	1,994,400	1,994,400	2,201,391	206,991
Total revenues	<u>27,813,112</u>	<u>31,813,112</u>	<u>28,070,002</u>	<u>(3,743,110)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Behavioral Health & Developmental Services	28,721,904	33,117,747	29,117,538	4,000,209
Capital outlay	159,000	363,157	46,463	316,694
Total expenditures	<u>28,880,904</u>	<u>33,480,904</u>	<u>29,164,001</u>	<u>4,316,903</u>
Excess (deficiency) of revenues over (under) expenditures	(1,067,792)	(1,667,792)	(1,093,999)	573,793
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	937,000	1,537,000	960,561	(576,439)
Net change in fund balances	<u>\$ (130,792)</u>	<u>\$ (130,792)</u>	<u>(133,438)</u>	<u>\$ (2,646)</u>
Net increase in due to other funds			92,474	
Fund balance, January 1, cash basis			173,571	
Fund balance, December 31, cash basis			<u>132,607</u>	
Differences from modified accrual basis:				
Due from other governments			2,864,769	
Other receivables			185,391	
Due to other funds			(1,390,555)	
Accounts payable			(1,560,023)	
Payroll related accruals			<u>(232,189)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ -</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Domestic Relations Special Revenue Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,366,255	\$ 4,366,255	\$ 5,079,952	\$ 713,697
Departmental	68,500	68,500	34,868	(33,632)
Investment earnings	60,000	60,000	283,670	223,670
Total revenues	<u>4,494,755</u>	<u>4,494,755</u>	<u>5,398,490</u>	<u>903,735</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	6,895,100	6,872,100	6,245,912	626,188
Capital outlay	4,000	27,000	13,064	13,936
Total expenditures	<u>6,899,100</u>	<u>6,899,100</u>	<u>6,258,976</u>	<u>640,124</u>
Excess (deficiency) of revenues over (under) expenditures	(2,404,345)	(2,404,345)	(860,486)	1,543,859
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,393,399	2,393,399	1,846,715	(546,684)
Net change in fund balances	<u>\$ (10,946)</u>	<u>\$ (10,946)</u>	<u>986,229</u>	<u>\$ 997,175</u>
Fund balance, January 1, cash basis			<u>12,057,197</u>	
Fund balance, December 31, cash basis			13,043,426	
Differences from modified accrual basis:				
Due from other governments			955,046	
Accounts payable			(13,777)	
Payroll related accruals			(111,803)	
Fund balance at December 31, modified accrual basis			<u>\$ 13,872,892</u>	

County of Lancaster, Pennsylvania

Notes to Required Supplementary Information

**1. Budgetary Basis of Accounting**

The County's budgetary basis is substantially on a cash basis but includes some payroll related accruals and related interfund transactions.

**2. Budgetary Basis Differences**

The County's basis of accounting for budgetary purposes differs from its basis of accounting for GAAP reporting purposes.

General Fund revenues per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 163,125,987
Net adjustment to General Fund revenues based on differences in revenue recognition between the budgetary basis and GAAP basis	<u>(2,397,624)</u>
General Fund revenues per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 160,728,363</u>
General Fund expenditures per schedule of revenues, expenditures, and changes in fund balances – budget and actual – budgetary basis – General Fund	\$ 146,183,922
Net adjustment to General Fund expenditures based on differences in expenditure recognition between the budgetary basis and GAAP basis	<u>(2,501,484)</u>
General Fund expenditures per statement of revenues, expenditures, and changes in fund balances – General Fund	<u>\$ 143,682,438</u>

## County of Lancaster, Pennsylvania

### Combining and Individual Fund Statements and Schedules

The following nonmajor governmental funds include special revenue funds used to account for revenues that are legally restricted to expenditures for particular purposes.

#### **Office of Aging Fund**

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to operate programs which assist citizens age 60 and older to maintain maximum independence and dignity in a home environment.

#### **Drug and Alcohol Fund**

This fund is used to account for amounts received from various federal, state, and local sources. These funds are restricted to plan, coordinate and administer service programs for the control of alcohol and drug abuse.

#### **Liquid Fuels Fund**

This fund is used to account for amounts received from the Commonwealth. These funds are restricted to building and improving local roads and bridges.

#### **Agricultural Land Preservation Fund**

This fund is used to account for amounts restricted for payments of easements to farmers within the County in efforts to preserve agricultural land.

#### **Community Development Block Grant Fund**

This fund is used to account for amounts received from various federal and state sources. These funds are restricted and passed through to the Lancaster County Redevelopment Authority to be used for the development of decent housing, a suitable living environment, and expanded economic opportunities within the County.

County of Lancaster, Pennsylvania

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2019

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and investments:						
Operating	\$ 1,132,073	\$ 687,628	\$ 2,053,207	\$ 1,592,750	\$ -	\$ 5,465,658
Other	212,380	-	-	-	-	212,380
Other receivables	-	-	-	14,784	-	14,784
Due from other governments	223,406	164,630	77,086	-	-	465,122
<b>Total assets</b>	<b>\$ 1,567,859</b>	<b>\$ 852,258</b>	<b>\$ 2,130,293</b>	<b>\$ 1,607,534</b>	<b>\$ -</b>	<b>\$ 6,157,944</b>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ 446,652	\$ 839,243	\$ 706,412	\$ -	\$ -	\$ 1,992,307
Contracts payable	-	-	-	-	-	-
Retainage payable	-	-	392,936	-	-	392,936
Due to other funds	-	-	-	-	-	-
Unearned revenue-intergovernmental	-	-	1,030,945	-	-	1,030,945
Payroll related accruals	87,016	13,015	-	-	-	100,031
<b>Total liabilities</b>	<b>533,668</b>	<b>852,258</b>	<b>2,130,293</b>	<b>-</b>	<b>-</b>	<b>3,516,219</b>
<b>FUND BALANCES (DEFICIT)</b>						
Restricted						
Health, education, and welfare	1,034,191	-	-	-	-	1,034,191
Roads and bridges	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Community development	-	-	-	1,607,534	-	1,607,534
<b>Total fund balances</b>	<b>1,034,191</b>	<b>-</b>	<b>-</b>	<b>1,607,534</b>	<b>-</b>	<b>2,641,725</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 1,567,859</b>	<b>\$ 852,258</b>	<b>\$ 2,130,293</b>	<b>\$ 1,607,534</b>	<b>\$ -</b>	<b>\$ 6,157,944</b>

County of Lancaster, Pennsylvania

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2019

	Office of Aging	Drug and Alcohol	Liquid Fuels	Agricultural Land Preservation	Community Development Block Grant	Total Nonmajor Governmental Funds
<b>REVENUES</b>						
Intergovernmental	\$ 9,874,248	\$ 5,327,481	\$ 1,453,746	\$ -	\$ 5,416,618	\$ 22,072,093
Departmental	31,427	-	-	-	-	31,427
Investment earnings	-	3,755	24,517	-	-	28,272
Other	21,403	190,176	7,032	21,860	-	240,471
Total revenues	9,927,078	5,521,412	1,485,295	21,860	5,416,618	22,372,263
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Roads and bridges	-	-	155,629	-	-	155,629
Health, education, and welfare:						
Drug and alcohol	-	5,768,211	-	-	-	5,768,211
Office of aging	10,319,470	-	-	-	-	10,319,470
Other	-	-	-	-	-	-
Community development	-	-	-	292,874	5,416,618	5,709,492
Capital outlay	-	1,725	3,805,971	-	-	3,807,696
Total expenditures	10,319,470	5,769,936	3,961,600	292,874	5,416,618	25,760,498
Excess (deficiency) of revenues over (under) expenditures	(392,392)	(248,524)	(2,476,305)	(271,014)	-	(3,388,235)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	762,854	248,524	-	-	-	1,011,378
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	762,854	248,524	-	-	-	1,011,378
Net change in fund balances	370,462	-	(2,476,305)	(271,014)	-	(2,376,857)
Fund balances, January 1	663,729	-	2,476,305	1,878,548	-	5,018,582
Fund balances, December 31	\$ 1,034,191	\$ -	\$ -	\$ 1,607,534	\$ -	\$ 2,641,725

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Office of Aging Special Revenue Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,799,466	\$ 10,799,466	\$ 10,313,837	\$ (485,629)
Departmental	432,892	432,892	31,427	(401,465)
Other	138,504	138,504	21,403	(117,101)
Total revenues	<u>11,370,862</u>	<u>11,370,862</u>	<u>10,366,667</u>	<u>(1,004,195)</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Office of Aging	12,003,972	12,103,972	10,357,587	1,746,385
Capital outlay	150,000	50,000	-	50,000
Total expenditures	<u>12,153,972</u>	<u>12,153,972</u>	<u>10,357,587</u>	<u>1,796,385</u>
Excess (deficiency) of revenues over (under) expenditures	(783,110)	(783,110)	9,080	792,190
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	762,854	762,854	762,854	-
Net change in fund balances	<u>\$ (20,256)</u>	<u>\$ (20,256)</u>	<u>771,934</u>	<u>\$ 792,190</u>
Fund balance, January 1, cash basis			<u>572,519</u>	
Fund balance, December 31, cash basis			1,344,453	
Differences from modified accrual basis:				
Due from other governments			223,406	
Accounts payable			(446,652)	
Payroll related accruals			(87,016)	
Fund balance at December 31, modified accrual basis			<u>\$ 1,034,191</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Drug and Alcohol Special Revenue Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,851,238	\$ 4,851,238	\$ 5,349,915	\$ 498,677
Departmental	921,583	921,583	637,087	(284,496)
Investment earnings	4,372	4,372	3,755	(617)
Other	-	-	3,302	3,302
Total revenues	<u>5,777,193</u>	<u>5,777,193</u>	<u>5,994,059</u>	<u>216,866</u>
<b>EXPENDITURES</b>				
Current:				
Health, education, and welfare:				
Drug and alcohol	6,033,631	6,031,631	5,502,484	529,147
Capital outlay	1,000	3,000	1,725	1,275
Total expenditures	<u>6,034,631</u>	<u>6,034,631</u>	<u>5,504,209</u>	<u>530,422</u>
Excess (deficiency) of revenues over (under) expenditures	(257,438)	(257,438)	489,850	747,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	244,000	244,000	248,524	4,524
Net change in fund balances	<u>\$ (13,438)</u>	<u>\$ (13,438)</u>	<u>738,374</u>	<u>\$ 751,812</u>
Net decrease in due to other funds			(50,746)	
Fund balance, January 1, cash basis			-	
Fund balance, December 31, cash basis			<u>687,628</u>	
Differences from modified accrual basis:				
Due from other governments			164,630	
Accounts payable			(839,243)	
Payroll related accruals			(13,015)	
Fund balance at December 31, modified accrual basis			<u>\$ -</u>	

County of Lancaster, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Budgetary Basis - Liquid Fuels Special Revenue Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,751,000	\$ 2,048,200	\$ 1,530,922	\$ (517,278)
Investment earnings	1,200	1,200	24,517	23,317
Other	-	-	7,032	7,032
Total revenues	<u>1,752,200</u>	<u>2,049,400</u>	<u>1,562,471</u>	<u>(486,929)</u>
<b>EXPENDITURES</b>				
Current:				
Roads and bridges	462,419	462,419	189,848	272,571
Capital outlay	6,026,125	6,478,925	2,918,006	3,560,919
Total expenditures	<u>6,488,544</u>	<u>6,941,344</u>	<u>3,107,854</u>	<u>3,833,490</u>
Net change in fund balances	<u>\$ (4,736,344)</u>	<u>\$ (4,891,944)</u>	<u>(1,545,383)</u>	<u>\$ 3,346,561</u>
Fund balance, January 1, cash basis			<u>3,598,590</u>	
Fund balance, December 31, cash basis			<u>2,053,207</u>	
Differences from modified accrual basis:				
Due from other governments			77,086	
Accounts payable			(706,412)	
Retainage payable			(392,936)	
Unearned revenue - intergovernmental			<u>(1,030,945)</u>	
Fund balance at December 31, modified accrual basis			<u>\$ -</u>	

County of Lancaster, Pennsylvania

Statement of Changes in Assets and Liabilities -  
Agency Fund

For the Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<b>ASSETS</b>				
Cash and temporary investments - operating	\$ 13,342,116	\$ 221,220,186	\$ 218,762,771	\$ 15,799,531
Total Assets	<u>\$ 13,342,116</u>	<u>\$ 221,220,186</u>	<u>\$ 218,762,771</u>	<u>\$ 15,799,531</u>
<b>LIABILITIES</b>				
Liabilities:				
Deposits and advances:				
Bail and advanced costs	\$ 544,716	\$ 1,042,171	\$ 1,054,254	\$ 532,633
Sheriff's office	2,275,345	20,797,285	18,892,964	4,179,666
All others	8,041	5,422	4,471	8,992
Total deposits and advances	<u>2,828,102</u>	<u>21,844,878</u>	<u>19,951,689</u>	<u>4,721,291</u>
Escrow liability:				
Bail escrow	117,785	85,306	78,481	124,610
Child support	154,490	2,146,987	2,157,318	144,159
County prison	98,707	2,621,501	2,616,618	103,590
Courts, restitution	2,755,637	10,257,504	10,091,933	2,921,208
All others	735,757	149,830	310,883	574,704
Total escrow liability	<u>3,862,376</u>	<u>15,261,128</u>	<u>15,255,233</u>	<u>3,868,271</u>
Other Liabilities:				
All others	2,077,174	12,533,666	12,144,839	2,466,001
Total other	<u>2,077,174</u>	<u>12,533,666</u>	<u>12,144,839</u>	<u>2,466,001</u>
Due to other governments :				
Fines and costs	4,479,267	127,490,018	127,330,584	4,638,701
All others	95,197	44,090,497	44,080,427	105,267
Total due to other governments	<u>4,574,464</u>	<u>171,580,515</u>	<u>171,411,011</u>	<u>4,743,968</u>
Total liabilities	<u>\$ 13,342,116</u>	<u>\$ 221,220,187</u>	<u>\$ 218,762,772</u>	<u>\$ 15,799,531</u>

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## STATISTICAL SECTION

This section of the County of Lancaster'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 government's overall financial health.

<b>Contents</b>	<b>Page No.</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	142
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	146
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	157
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	159
Miscellaneous Information These schedules contain principal officials, salaries, amounts of surety bonds, and insurance information.	164

### Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

County of Lancaster, Pennsylvania  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 1

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 35,298,967	\$ 40,056,693	\$ 46,196,645	\$ 49,226,216	\$ 57,793,520	\$ 64,556,495	\$ 75,140,193	\$ 80,877,957	\$ 93,658,350	\$ 109,267,372
Restricted for:										
Federal and state grant programs	12,686,089	16,495,389	15,743,623	17,286,265	19,216,375	20,536,531	21,327,572	22,585,892	25,228,498	22,582,791
Capital projects	-	9,468,673	19,226,280	19,560,818	10,977,876	1,879,240	1,161,931	8,967,292	4,322,534	11,357,475
Public Safety	-	-	26,000,000	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607
Community Development	-	-	1,884,223	1,883,214	1,725,871	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534
Unrestricted (deficit)	<u>(47,305,928)</u>	<u>(64,225,920)</u>	<u>(109,299,728)</u>	<u>(104,543,590)</u>	<u>(84,961,252)</u>	<u>(76,842,980)</u>	<u>(63,591,276)</u>	<u>(66,249,267)</u>	<u>(158,229,087)</u>	<u>(160,230,998)</u>
Total governmental activities net position	<u>\$ 679,128</u>	<u>\$ 1,794,835</u>	<u>\$ (248,957)</u>	<u>\$ 1,898,902</u>	<u>\$ 14,570,283</u>	<u>\$ 14,249,742</u>	<u>\$ 36,090,701</u>	<u>\$48,494,526</u>	<u>\$(29,100,074)</u>	<u>\$ (13,701,219)</u>

County of Lancaster, Pennsylvania  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 63,863,797	\$ 57,284,051	\$ 53,090,406	\$ 53,456,166	\$ 47,688,115	\$ 49,312,867	\$ 49,177,536	\$ 49,950,520	\$ 55,746,397	\$ 49,021,353
Public Safety	12,145,608	12,543,485	14,403,729	21,902,476	14,921,490	15,845,032	9,599,612	8,350,879	13,440,839	13,768,065
Roads and bridges	632,719	939,766	629,269	391,992	675,825	1,287,186	669,583	1,211,032	793,224	870,158
Health, education, and welfare	81,796,132	158,356,532	158,906,330	154,045,202	156,191,063	156,728,546	177,315,144	188,162,861	186,450,247	141,006,233
Judicial	42,298,718	43,118,281	45,303,625	44,553,349	42,421,056	41,683,823	44,902,740	47,806,347	47,799,112	49,770,156
Corrections	23,975,680	24,834,919	28,052,063	26,707,583	26,397,549	26,710,816	28,250,573	30,680,241	28,560,290	29,626,093
Cultural and recreation	2,953,256	2,492,561	2,749,572	2,681,009	2,441,711	1,560,006	2,182,493	3,038,838	2,511,087	2,367,887
Community development	5,604,729	7,821,351	4,398,384	3,485,997	4,305,998	6,855,968	4,173,840	3,819,420	3,094,339	5,599,461
Bond issuance costs	—	—	—	282,181	127,854	—	—	82,135	—	—
Interest on long-term debt	9,506,172	10,774,790	10,298,347	10,599,734	10,605,535	9,539,788	8,665,991	7,993,434	7,988,477	7,516,540
Total governmental activities expenses	<u>242,776,811</u>	<u>318,165,736</u>	<u>317,831,725</u>	<u>318,105,689</u>	<u>305,776,196</u>	<u>309,524,032</u>	<u>324,937,512</u>	<u>341,095,707</u>	<u>346,384,012</u>	<u>299,545,946</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	6,905,007	6,238,767	9,711,321	10,444,728	5,898,650	9,111,789	15,650,427	5,988,278	8,847,608	8,602,524
Public Safety	6,817,662	7,494,676	6,551,111	12,711,899	5,108,919	5,827,034	5,551,904	9,857,390	10,258,066	10,159,895
Roads and bridges	48,098	11,650	9,819	7,875	10,509	15,653	2,910	1,200	—	7,032
Health, education, and welfare	3,688,636	3,939,160	3,369,213	3,532,301	4,546,721	4,115,277	5,297,066	3,701,464	4,049,782	3,056,680
Judicial	6,992,023	7,701,804	9,154,345	7,948,172	8,267,853	6,851,144	7,862,100	7,900,002	8,637,187	8,600,636
Corrections	132,581	145,236	214,594	579,462	1,176,571	1,245,477	1,437,909	1,715,839	1,237,516	1,217,984
Cultural and recreation	281,093	323,385	279,979	411,646	293,848	305,651	298,106	315,900	312,231	337,464
Community development	—	—	1,884,223	—	—	145,882	11,062	229,480	180,169	21,860
Operating grants and contributions:										
General government	9,897,518	10,873,602	6,061,463	5,043,465	4,789,553	5,322,572	2,977,602	3,263,623	4,126,082	4,372,584
Public Safety	149,797	252,359	184,980	90,315	251,141	168,559	73,584	326,179	172,690	325,797
Roads and bridges	1,153,429	2,606,826	1,612,936	2,576,440	1,541,697	1,472,544	1,323,720	2,368,908	1,154,552	1,453,746
Health, education, and welfare	80,837,880	156,460,780	156,510,054	152,763,381	155,048,253	154,564,650	174,008,002	183,992,998	186,589,930	138,648,506
Judicial	10,355,686	8,672,125	8,198,497	8,105,142	7,874,568	6,758,492	8,771,902	8,847,099	8,174,387	7,518,974
Corrections	29,904	33,715	174,656	261,805	58,301	264,310	323,313	378,845	239,044	412,232
Cultural and recreation	7,814	—	197,605	—	122,600	33,057	—	—	—	—
Community development	5,604,729	7,821,351	4,398,384	3,484,987	3,901,912	6,468,065	3,730,895	3,866,225	2,976,983	5,416,618
Total governmental activities program revenues	<u>132,901,857</u>	<u>212,575,436</u>	<u>208,513,180</u>	<u>207,961,618</u>	<u>198,891,096</u>	<u>202,670,156</u>	<u>227,320,502</u>	<u>232,753,430</u>	<u>236,956,227</u>	<u>190,152,532</u>
Total government net expense	<u>\$ (109,874,954)</u>	<u>\$ (105,590,300)</u>	<u>\$ (109,318,545)</u>	<u>\$ (110,144,071)</u>	<u>\$ (106,885,100)</u>	<u>\$ (106,853,876)</u>	<u>\$ (97,617,010)</u>	<u>\$ (108,342,277)</u>	<u>\$ (109,427,785)</u>	<u>\$ (109,393,414)</u>
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 104,918,937	\$ 105,576,248	\$ 106,177,196	\$ 116,526,852	\$ 117,215,756	\$ 118,030,667	\$ 119,276,761	\$ 120,289,592	\$ 121,588,905	\$ 122,367,004
Unrestricted investment earnings(loss)	596,083	1,129,759	1,097,557	(1,368,543)	2,340,725	158,622	181,209	628,929	1,671,559	2,425,265
Gain on sale of capital assets	—	—	—	134,501	—	—	—	(172,419)	—	—
Total governmental activities	<u>\$ 105,515,020</u>	<u>\$ 106,706,007</u>	<u>\$ 107,274,753</u>	<u>\$ 115,292,810</u>	<u>\$ 119,556,481</u>	<u>\$ 118,189,289</u>	<u>\$ 119,457,970</u>	<u>\$ 120,746,102</u>	<u>\$ 123,260,464</u>	<u>\$ 124,792,269</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ (4,359,934)</u>	<u>\$ 1,115,707</u>	<u>\$ (2,043,792)</u>	<u>\$ 5,148,739</u>	<u>\$ 12,671,381</u>	<u>\$ 11,335,413</u>	<u>\$ 21,840,960</u>	<u>\$ 12,403,825</u>	<u>\$ 13,832,679</u>	<u>\$ 15,398,855</u>

County of Lancaster, Pennsylvania  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 3

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,808,598	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,791,374	-	-	-	-	-	-	-	-
Restricted:										
Roads and bridges	-	-	-	-	2,207,871	1,546,324	1,806,246	2,452,086	2,608,700	2,489,093
Capital Projects	-	-	-	-	-	-	-	-	-	46
General government	-	563,895	1,522,986	2,913,790	1,689,808	2,201,107	2,176,792	1,643,674	2,003,966	1,923,884
Public safety	-	532,145	26,540,769	18,485,979	9,817,893	2,239,642	583,382	614,273	4,041,083	1,714,607
Judicial	-	1,764,763	1,592,649	1,956,679	1,749,827	1,403,881	1,013,222	695,666	777,530	670,722
Committed:										
Capital projects	-	-	-	-	560,614	-	-	-	-	-
Assigned:										
Capital projects	-	-	-	-	-	560,614	560,614	2,668,380	627,051	-
Future benefits	-	-	-	-	3,000,000	1,500,000	1,183,724	1,106,718	1,014,267	1,030,640
Healthcare benefits	-	-	1,259,264	1,687,275	1,725,871	1,773,084	1,773,084	1,921,684	2,028,402	2,042,669
Corrections	-	-	-	-	-	-	-	-	1,380,972	1,408,387
Judicial	-	-	-	-	-	-	-	-	-	591,891
Postemployment benefits	-	6,518,968	2,275,734	1,220,973	1,212,719	4,387,135	2,522,436	559,689	-	-
Unassigned	-	-	-	-	-	2,482,025	13,992,905	20,809,820	24,206,010	31,265,754
Total general fund	<u>\$ 11,808,598</u>	<u>\$ 11,171,145</u>	<u>\$ 33,191,402</u>	<u>\$ 26,264,696</u>	<u>\$ 21,964,603</u>	<u>\$ 18,093,812</u>	<u>\$ 25,612,405</u>	<u>\$ 32,471,990</u>	<u>\$ 38,687,981</u>	<u>\$ 43,137,693</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special revenue funds	12,686,089	-	-	-	-	-	-	-	-	-
Capital projects funds	28,603,276	-	-	-	-	-	-	-	-	-
Restricted:										
Health, education, and welfare	-	1,762,216	814,824	400,006	966,041	2,474,219	2,114,191	2,188,149	4,251,854	3,626,200
Capital projects	-	9,468,673	19,226,280	19,560,818	10,417,262	1,879,240	1,161,931	6,298,912	3,695,483	11,357,429
Roads and bridges	-	4,536,103	2,897,306	2,909,938	2,716,233	2,314,828	2,988,751	3,262,585	2,476,305	-
Judicial	-	7,336,267	8,388,628	9,105,852	9,886,595	10,596,172	11,228,370	12,343,732	13,110,143	13,872,892
Community development	-	-	2,536,562	2,239,586	1,734,932	1,880,814	1,468,899	1,698,379	1,878,548	1,607,534
Total all other governmental funds	<u>\$ 41,289,365</u>	<u>\$ 23,103,259</u>	<u>\$ 33,863,600</u>	<u>\$ 34,216,200</u>	<u>\$ 25,721,063</u>	<u>\$ 19,145,273</u>	<u>\$ 18,962,142</u>	<u>\$ 25,791,757</u>	<u>\$ 25,412,333</u>	<u>\$ 30,464,055</u>
Total fund balances of all governmental funds	<u>\$ 53,097,963</u>	<u>\$ 34,274,404</u>	<u>\$ 67,055,002</u>	<u>\$ 60,480,896</u>	<u>\$ 47,685,666</u>	<u>\$ 37,239,085</u>	<u>\$ 44,574,547</u>	<u>\$ 58,263,747</u>	<u>\$ 64,100,314</u>	<u>\$ 73,601,748</u>

Note: The County implemented GASB 54 in 2011 and elected, as permitted by GASB 54, to not retroactively recharacterize fund balance in governmental funds prior to 2011.

County of Lancaster, Pennsylvania  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$104,555,174	\$ 105,717,718	\$ 106,170,287	\$ 116,611,483	\$ 117,319,438	\$ 118,053,482	\$ 119,727,563	\$ 120,155,825	\$ 121,488,947	\$ 122,914,746
Intergovernmental	106,097,860	184,524,990	174,538,312	169,537,740	170,410,928	172,736,021	189,095,657	200,539,898	200,752,880	155,468,518
Departmental	21,536,881	20,567,399	24,736,156	31,744,650	20,681,144	24,720,276	24,923,631	25,194,997	28,324,797	27,088,191
Fines and costs	2,773,058	3,318,987	3,131,476	3,303,185	3,274,350	3,264,006	3,148,094	3,396,081	3,437,868	3,481,423
Interest	619,667	228,783	132,790	120,148	99,131	118,044	181,209	628,929	1,671,559	2,425,265
Other	1,173,930	2,100,366	4,132,985	1,169,894	1,037,730	1,889,819	5,250,330	2,401,533	2,008,674	1,762,615
Health Choices revenues	1,614,230	1,575,092	1,279,710	1,498,523	2,803,213	1,611,549	2,274,595	1,408,862	1,987,630	1,883,259
Total revenues	<u>238,370,800</u>	<u>318,033,335</u>	<u>314,121,716</u>	<u>323,985,623</u>	<u>315,625,934</u>	<u>322,393,197</u>	<u>344,601,079</u>	<u>353,726,125</u>	<u>359,672,355</u>	<u>315,024,017</u>
<b>Expenditures</b>										
General government	41,312,324	32,689,512	28,262,996	30,129,669	26,630,285	33,341,399	29,230,902	26,558,053	28,814,022	29,586,708
Public safety	10,558,753	11,006,988	12,548,142	26,192,813	12,912,527	12,835,662	10,545,603	11,451,563	11,315,166	9,246,079
Roads and bridges	388,008	670,175	274,373	-	228,635	764,722	133,735	643,259	172,458	155,629
Health, education and welfare	93,528,376	170,064,660	169,963,493	165,705,416	167,944,070	167,453,600	189,992,167	199,452,208	199,005,660	153,133,757
Judicial	44,800,940	45,399,663	47,317,507	46,435,758	44,702,380	43,756,961	47,064,579	48,650,871	49,639,857	50,853,793
Corrections	22,725,580	23,107,431	24,234,937	27,577,716	24,952,042	25,234,661	26,668,718	28,789,244	26,883,888	27,766,818
Cultural and recreation	2,484,440	2,212,981	2,475,240	2,360,554	2,185,938	1,343,717	2,084,548	2,226,828	2,168,802	2,233,046
Community development	5,604,729	7,821,351	4,398,384	3,781,963	4,406,566	6,468,065	4,153,872	3,866,225	2,976,983	5,709,492
Capital outlay	14,459,028	21,106,757	20,087,950	11,152,496	20,766,965	17,751,098	3,485,951	2,937,498	8,173,866	17,738,263
Debt service (1):										
Principal	10,841,800	12,219,700	13,102,700	13,751,800	13,651,000	14,633,587	15,361,100	17,053,400	17,009,700	16,549,400
Interest and fiscal charges	9,755,340	10,557,676	10,053,952	10,643,324	10,601,370	9,656,490	8,901,565	8,176,693	7,845,689	7,473,374
Bond issuance costs	296,556	200,721	997,526	282,181	127,854	-	-	82,135	-	123,691
Total expenditures	<u>256,755,874</u>	<u>337,057,615</u>	<u>333,717,200</u>	<u>338,013,690</u>	<u>329,109,632</u>	<u>333,239,962</u>	<u>337,622,740</u>	<u>349,887,977</u>	<u>354,006,091</u>	<u>320,570,050</u>
Excess (deficiency) of revenues over (under) expenditures	(18,385,074)	(19,024,280)	(19,595,484)	(14,028,067)	(13,483,698)	(10,846,765)	6,978,339	3,838,148	5,666,264	(5,546,033)
<b>Other financing sources (uses)</b>										
Transfers in	12,403,303	12,335,157	12,974,005	12,221,130	12,365,605	11,651,165	13,642,251	15,595,569	13,194,524	13,337,856
Transfers out	(12,403,303)	(12,335,157)	(12,974,005)	(12,221,130)	(12,365,605)	(11,651,165)	(13,642,251)	(15,595,569)	(13,194,524)	(13,337,856)
Discount on refunding bonds issued	-	(128,404)	(166,353)	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	2,842,564	27,149	8,487	2,170,372	3,087,988	3,202,917	860,303	571,904
Face amount of refunding bonds issued	-	10,000,000	52,830,000	28,380,000	8,185,000	28,900,000	26,495,000	40,620,000	13,320,000	8,455,000
Payment to refunded bond escrow agent	-	(9,670,875)	(54,855,913)	(28,205,000)	(8,065,633)	(30,670,188)	(29,225,865)	(43,337,812)	(14,010,000)	(8,935,285)
Premium on bonds issued	235,463	-	2,042,228	697	-	-	-	-	-	353,691
Face amount of bonds issued	33,945,000	-	23,305,000	6,795,000	-	-	-	6,255,000	-	11,770,000
Discount on bonds issued	-	-	-	-	-	-	-	(61,161)	-	-
Premium on swaption issued	-	-	-	1,865,000	-	-	-	-	-	-
Payment for refunded swaption issued	-	-	-	(1,757,500)	-	-	-	-	-	-
Issuance of capital leases	-	-	26,378,556	-	-	-	-	-	-	2,832,157
Sale of capital assets	-	-	-	348,615	560,614	-	-	3,172,108	-	-
Total other financing sources (uses)	<u>34,180,463</u>	<u>200,721</u>	<u>52,376,082</u>	<u>7,453,961</u>	<u>688,468</u>	<u>400,184</u>	<u>357,123</u>	<u>9,851,052</u>	<u>170,303</u>	<u>15,047,467</u>
Net change in fund balances	<u>\$ 15,795,389</u>	<u>\$ (18,823,559)</u>	<u>\$ 32,780,598</u>	<u>\$ (6,574,106)</u>	<u>\$ (12,795,230)</u>	<u>\$ (10,446,581)</u>	<u>\$ 7,335,462</u>	<u>\$ 13,689,200</u>	<u>\$ 5,836,567</u>	<u>\$ 9,501,434</u>
Debt service as a percentage of noncapital expenditures	8.5%	7.2%	7.4%	7.5%	7.9%	7.7%	7.3%	7.3%	7.2%	7.9%

(1) Amounts do not include debt service payments for bond issues refunded pursuant to advance refunding.

County of Lancaster, Pennsylvania  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 5

Year	Assessed Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value As A Percentage of Actual Value
2010	\$ 34,739,109,300	\$ 3,623,673,500	\$ 31,115,435,800	3.416	\$ 31,115,435,800	100%
2011	34,967,657,000	3,692,444,500	31,275,212,500	3.416	31,275,212,500	100%
2012	35,179,488,300	3,762,996,600	31,416,491,700	3.416	31,416,491,700	100%
2013	35,533,876,800	3,833,025,400	31,700,851,400	3.735	31,700,851,400	100%
2014	35,781,687,200	3,845,418,300	31,936,268,900	3.735	31,936,268,900	100%
2015	36,156,664,400	3,917,166,800	32,239,497,600	3.735	32,239,497,600	100%
2016	36,426,137,300	3,937,204,000	32,488,933,300	3.735	32,488,933,300	100%
2017	36,503,647,800	3,974,265,300	32,529,382,500	3.735	32,529,382,500	100%
2018	47,551,615,300	5,060,205,600	42,491,409,700	2.911	42,491,409,700	100%
2019	48,013,465,300	5,082,549,700	42,930,915,600	2.911	42,930,915,600	100%

Source: County of Lancaster Assessment Office

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.

Note: Assessed value by major component not available.

Real Property Assessment Data

Year	Market Value	Assessed Value	Common Level Ratio
2010	\$ 41,376,909,309	\$ 31,115,435,800	.7520
2011	40,882,630,719	31,275,212,500	.7650
2012	39,868,644,289	31,416,491,700	.7880
2013	39,331,081,141	31,700,851,400	.8060
2014	40,374,549,810	31,936,268,900	.7910
2015	41,599,351,742	32,239,497,600	.7750
2016	43,031,699,735	32,488,933,300	.7550
2017	44,137,561,058	32,529,382,500	.7370
2018	42,491,409,700	42,491,409,700	.0000
2019	42,930,915,600	42,930,915,600	.0000

Source: County of Lancaster Assessment Office

County of Lancaster, Pennsylvania  
Property Tax Rates  
Direct and Overlapping Governments (1)  
Last Ten Fiscal Years  
(In Mills)

Table 6

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Direct Rate:	3.4160	3.4160	3.4160	3.7350	3.7350	3.7350	3.7350	3.7350	2.9110	2.9110
City rate:										
Lancaster	12.0400	12.0400	12.0400	13.0400	13.0400	14.0200	14.0200	14.4400	10.7000	11.7000
Borough rates:										
Adamstown	2.0000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.0410	2.0410
Akron	2.0000	2.0000	2.5000	2.5000	2.5000	2.7500	2.7500	2.7500	2.3200	3.0000
Christiana	4.5000	4.5000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	3.6110	3.6110
Columbia	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	6.6000	8.0000
Denver	2.5200	2.7500	3.0000	3.0000	3.0000	3.0000	3.0000	3.1500	2.5270	2.5300
East Petersburg	1.8940	1.8940	2.3940	2.3940	2.3940	3.3940	3.3940	3.3940	2.7470	4.7470
Elizabethtown	4.2000	5.0000	5.0000	5.0000	5.0000	5.2000	5.5000	5.6000	4.3000	4.4000
Ephrata	1.8800	1.8800	2.0700	2.0700	2.0700	2.0700	2.0700	2.2800	1.7625	1.7625
Lititz	1.6000	2.1000	2.1000	2.1000	2.1000	2.6000	2.6000	2.6000	2.0000	2.0000
Manheim	3.0000	3.5000	4.0000	4.7500	4.7500	4.8500	5.0500	5.8500	4.6400	4.6400
Marietta	4.5000	5.5000	5.5000	6.5000	6.5000	6.5000	6.5000	6.5000	5.1500	5.1500
Millersville	4.8500	5.2400	5.4500	5.4500	5.4500	5.7200	6.2000	6.4000	4.9000	5.1500
Mount Joy	4.2000	4.2000	4.4600	4.7000	4.9100	4.9100	4.9100	4.9100	3.7540	3.7540
Mountville	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.6000	2.0700	2.0700
New Holland	2.4800	2.4800	3.4000	3.4000	3.4000	3.4000	3.4000	3.4000	2.7500	2.7500
Quarryville	4.7500	4.7500	4.7500	4.7500	4.7500	4.7500	6.0000	6.0000	4.6300	4.6300
Strasburg	2.8300	2.8300	3.0800	3.0800	3.0800	3.2800	3.2800	3.2800	2.6500	2.8600
Terre Hill	4.2000	4.2000	4.7000	5.0000	5.0000	5.0000	5.0000	5.0000	4.2500	4.2500
Township rates:										
Bart	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.4750	0.4750
Brecknock	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2690	0.2330	0.2563
Caernarvon	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0117	0.0117
Clay	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.1700	1.1700
Colerain	0.6120	0.6120	0.6120	0.6620	0.6620	0.6620	0.6620	0.6620	0.5180	0.5180
Conestoga	0.6930	0.6930	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	0.8710	0.8710
Drumore	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.8459	0.8459
Earl	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	0.9780	0.9780
East Cocalico	1.6250	1.6250	1.7000	2.0500	2.0500	2.0500	2.0500	2.0500	1.6460	1.7330
East Donegal	2.9500	2.9500	3.7500	3.7500	3.9500	3.9500	3.9500	3.9500	3.1165	3.1165
East Drumore	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3300	0.3300
East Earl	1.6000	1.6000	1.8000	1.9000	1.9000	1.9000	2.0500	2.0500	1.7000	1.7000
East Hempfield	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	0.8500	0.8500
East Lampeter	1.4620	1.4620	1.4620	1.6000	1.6000	1.6000	1.7300	1.9900	1.7500	1.9000
Eden	0.7000	0.7000	0.7000	0.8000	0.8000	0.9500	1.0500	1.1500	0.9320	0.9500
Elizabeth	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000
Ephrata	1.2700	1.3700	1.3700	1.3700	1.3700	1.3700	1.3700	1.4700	1.1700	1.1700
Fulton	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.1648	0.2100
Lancaster	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	1.2000	0.9100	0.9100
Leacock	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Little Britian	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3010	0.3010

(Continued)

County of Lancaster, Pennsylvania  
Property Tax Rates  
Direct and Overlapping Governments (1)  
Last Ten Fiscal Years  
(In Mills)

Table 6 (Cont.)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Manheim	1.9000	2.2300	2.2300	2.2300	2.2300	2.2300	2.2300	2.2300	1.7173	1.7173
Manor	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.6100	0.6100
Martic	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5100
Mount Joy Part (2)	1.3500	1.3500	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400
Mount Joy Part (3)	1.3500	1.3500	1.6000	1.8500	1.7500	1.7500	1.7500	2.2500	1.7400	1.8400
Paradise	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.3200	1.1082	1.1082
Penn	0.8120	0.8120	1.6000	1.4500	1.8000	1.8000	1.8000	1.8000	1.4326	1.4326
Pequea	1.5500	1.7000	1.7000	1.9000	1.9000	1.9000	1.9000	1.9000	1.5670	1.5670
Providence	0.1580	0.1580	0.1580	0.1580	0.1580	0.9500	0.8075	0.6300	0.3810	0.3810
Rapho	0.0000	0.0000	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.3700	1.3700
Sadsbury	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8500	0.7760	0.7760
Salisbury	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.0000	0.0000
Strasburg	0.4400	0.4400	0.4400	0.4400	0.6000	0.6000	0.7000	0.7000	0.5550	0.5550
Upper Leacock	1.3000	1.3000	1.5000	1.7000	1.7000	1.7000	1.7000	2.0000	1.6950	1.6950
Warwick	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2740	0.2325	0.2325
West Cocalico	1.8500	2.0000	2.0000	2.0000	2.1750	2.1750	2.1750	2.1750	1.8200	1.9100
West Donegal	1.6000	1.6000	1.6000	1.6000	1.6000	1.6000	2.0000	2.0000	1.6000	1.6000
West Earl	1.3900	1.3900	1.5900	1.5900	1.5900	1.5900	1.5900	1.5900	1.2666	1.2666
West Hempfield	0.1800	0.6800	0.6800	0.6800	0.6800	1.3400	1.3400	1.8500	1.4500	1.7500
West Lampeter	0.7500	0.9000	1.0000	1.0000	1.1000	1.1000	1.2000	1.2000	0.9689	0.9689
School district rates:										
Cocalico	20.5500	20.8900	21.3200	21.7600	22.3200	22.8200	22.8200	23.1600	18.6935	18.9739
Columbia Borough	24.3570	25.3700	26.0000	27.3700	28.2000	28.2000	29.3400	30.1910	25.8163	26.4600
Conestoga Valley	13.2730	14.0480	14.2860	14.5280	14.8330	15.2064	15.9240	16.3220	13.3940	13.7940
Donegal	20.1690	20.1690	20.9837	21.4453	22.0243	22.0243	22.4640	22.8790	18.1670	18.6211
Eastern Lancaster County	13.0877	13.4470	13.8410	14.1177	14.4141	14.6879	15.0404	15.3850	12.3854	12.5711
Elizabethtown Area	17.2700	17.5800	17.8900	17.8900	18.3700	19.1048	19.9000	20.8450	16.6063	17.0878
Ephrata Area	19.0200	19.0200	19.4100	19.6000	19.6000	19.6000	20.4500	20.4500	16.9500	16.9500
Hempfield	17.9789	18.2660	18.6310	19.0030	19.4590	19.6530	20.1246	20.3260	16.0034	16.3474
Lampeter-Strasburg	18.4620	18.7573	19.0760	19.4384	19.6133	19.8683	20.2458	20.5490	16.6440	16.9269
Lancaster	24.2130	24.6972	24.6972	25.9224	26.6793	26.6793	26.6793	28.2570	28.2568	21.8734
Manheim Central	16.2500	16.2500	16.6900	16.9726	17.1848	17.3566	17.3566	17.7730	17.7731	17.7731
Manheim Township	17.0299	17.2680	17.9525	18.2575	18.6409	18.6409	19.0509	19.4130	19.4128	19.4128
Octorara Area	27.6800	28.3700	27.4900	27.7100	26.4300	27.2000	28.7300	29.4500	25.3500	25.6600
Penn Manor	16.4600	16.6900	16.9700	17.2500	17.6100	18.0100	19.2700	20.0600	16.4000	16.9800
Pequea Valley	16.3333	20.4080	16.8898	17.3866	17.4735	17.4735	18.1217	18.4840	14.6806	14.9225
Solanco	10.5442	10.8500	11.2243	11.5161	11.8040	12.0990	12.4499	12.8110	10.4590	10.8251
Warwick	17.6600	17.9000	18.5900	19.2100	19.7094	20.1627	20.1627	21.1620	16.3711	16.3711

Source: [www.dced.state.pa.us](http://www.dced.state.pa.us) website; County of Lancaster Assessment Office

Note: There are no components of the County's total direct rate.

(1) Includes millage for municipal, school, and county real estate tax per \$1,000 of assessed value.

(2) Applicable to the portion of Mount Joy situated in the Donegal School District.

(3) Applicable to the portion of Mount Joy situated in the Elizabethtown School District.

County of Lancaster, Pennsylvania  
Principal Property Taxpayers  
December 31, 2019

Table 7

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Willow Valley Communities	\$ 227,781,200	1	0.53%	\$ 108,792,500	3	0.35%
High Properties Et Al	168,224,900	2	0.39%	110,570,700	2	0.36%
Lancaster General	159,813,800	3	0.37%	104,001,900	4	0.33%
Park City Center Business Trust	148,469,300	4	0.35%	139,083,200	1	0.45%
High Properties	103,384,700	5	0.24%	101,492,900	5	0.33%
Granite Properties	72,902,400	6	0.17%	63,035,600	8	0.20%
Mennonite Home	65,168,700	7	0.15%	*		
Garden Spot Village Inc	61,948,100	8	0.14%	58,374,000	9	0.19%
Dart Container Corp of PA	54,094,900	9	0.13%	70,589,200	7	0.23%
Landis Homes Retirement Community	47,997,900	10	0.11%	*		
Willow Valley Manor	*			85,541,500	6	0.27%
Rockvale Group	*			58,186,700	10	0.19%
<b>Total</b>	<b>\$1,109,785,900</b>		<b>2.59%</b>	<b>\$ 899,668,200</b>		<b>2.89%</b>

Source: County of Lancaster Assessment Office

\* Company not included in top 10 ranking for the year

County of Lancaster, Pennsylvania  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 8

Fiscal Years Ended December-31	Tax Levy for Fiscal Year	Interim Tax Levy for Fiscal Year	Total Tax Levy for Fiscal Year (1)	Amount of Taxes Collected	Percent of Levy	Delinquent Tax Collections (2)	Total Tax Collections (3)	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 105,408,347	\$ 811,724	\$ 106,220,071	\$ 102,409,086	96.41%	\$ 2,377,031	\$ 104,786,117	98.65%
2011	106,290,327	603,550	106,893,877	103,293,221	96.63%	2,443,940	105,737,161	98.92%
2012	106,836,125	572,535	107,408,660	103,802,744	96.64%	2,476,144	106,278,888	98.95%
2013	117,340,645	733,378	118,074,023	114,128,781	96.66%	2,459,459	116,588,240	98.74%
2014	118,402,728	523,875	118,926,603	115,041,984	96.73%	2,203,190	117,245,174	98.59%
2015	119,282,012	637,417	119,919,429	115,819,600	96.58%	2,203,937	118,023,537	98.42%
2016	120,414,571	660,834	121,075,405	117,104,809	96.72%	2,272,903	119,377,712	98.60%
2017	121,346,214	485,908	121,832,122	118,253,252	97.06%	2,161,249	120,414,501	98.84%
2018	121,915,364	1,383,688	123,299,052	119,572,950	96.98%	2,075,150	121,648,100	98.66%
2019	123,692,509	810,424	124,502,933	120,780,705	97.01%	1,931,491	122,712,196	98.56%

Source: County of Lancaster Assessment Office, Controller's Office, and Tax Claim Bureau

Notes:

- (1) Does not include discounts, penalties, and exonerations.
- (2) Delinquent tax collections include collections for multiple years; software currently in use does not make it possible to identify collections by the year in which it was levied.
- (3) Includes penalties and other adjustments.

Assessment by Land Use

Years	Residential	Industrial	Commercial	Agriculture	Other	Total
2010	\$ 21,655,796,800	\$ 1,309,673,500	\$ 5,857,993,100	\$ 1,844,666,800	\$ 189,114,700	\$ 30,857,244,900
2011	21,900,404,100	1,299,205,800	5,846,643,600	1,880,128,000	189,054,300	31,115,435,800
2012	22,065,761,600	1,284,714,100	5,883,540,100	1,850,363,000	190,833,700	31,275,212,500
2013	22,205,789,400	1,278,246,000	5,838,144,300	1,901,865,600	192,446,400	31,416,491,700
2014	22,372,143,300	1,236,168,900	5,943,822,400	1,951,938,100	196,778,700	31,700,851,400
2015	22,537,454,000	1,240,765,800	5,977,568,600	1,985,879,600	194,600,900	31,936,268,900
2016	22,726,338,100	1,241,110,300	6,040,992,400	2,036,483,100	194,573,700	32,239,497,600
2017	22,878,084,500	1,212,154,200	6,128,189,800	2,071,116,200	199,388,600	32,488,933,300
2018	29,803,108,000	1,538,224,900	8,117,791,700	2,185,193,100	236,598,900	41,880,916,600
2019	30,213,741,300	1,542,891,000	8,287,542,700	2,200,825,200	246,409,500	42,491,409,700

Source: County of Lancaster Assessment Office

County of Lancaster, Pennsylvania  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 9

Years	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds Payable	Net Premium on Bonds Payable	General Obligation Notes and Direct Borrowings Payable	Installment Purchase Agreements Payable	Capital Leases			
2010	\$ 199,470,000	\$ 4,982,676	\$ 70,853,221	\$ 844,000	\$ -	\$ 276,149,897	1.46%	\$ 531.62
2011	198,945,000	4,550,190	60,776,873	829,000	-	265,101,063	1.35%	506.31
2012	235,485,000	8,792,414	34,686,500	814,000	26,378,556	306,156,470	1.45%	581.14
2013	228,930,000	8,056,390	34,474,700	799,000	25,039,710	297,299,800	1.37%	561.37
2014	215,660,000	6,823,323	34,208,700	799,000	23,592,400	281,083,423	1.26%	527.04
2015	200,455,000	7,916,958	33,929,400	799,000	22,099,009	265,199,367	1.10%	494.20
2016	185,135,000	9,113,173	33,215,500	436,000	18,826,729	246,726,402	1.00%	458.17
2017	177,885,000	8,580,239	30,367,100	436,000	17,181,601	234,449,940	0.88%	431.84
2018	163,160,000	8,357,567	27,392,400	436,000	15,484,093	214,830,060	0.75%	395.23
2019	161,175,000	7,842,642	24,283,000	436,000	16,564,695	210,301,337	*	385.36

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data; data reflects updated estimates by Bureau of Economic Analysis, U.S. Department of Commerce.

\* Data not available.

County of Lancaster, Pennsylvania  
Ratio of General Debt Outstanding  
Last Ten Fiscal Years

Table 10

Years	Total General Obligation Debt	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2010	\$ 276,149,897	0.89%	\$ 531.62
2011	265,101,063	0.85%	506.31
2012	306,156,470	0.97%	581.14
2013	297,299,800	0.94%	561.37
2014	281,083,423	0.88%	527.04
2015	265,199,367	0.82%	494.20
2016	246,726,402	0.76%	458.17
2017	234,449,940	0.72%	431.84
2018	214,830,060	0.51%	395.23
2019	210,301,337	0.49%	385.36

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

County of Lancaster, Pennsylvania  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2019

Table 11

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Lancaster	\$ 210,301,337	100%	\$ 210,301,337
Overlapping:			
City of Lancaster	66,495,354	100%	66,495,354
School Districts:			
Cocalico	2,229,931	100%	2,229,931
Columbia Borough	12,911,590	100%	12,911,590
Conestoga Valley	54,381,674	100%	54,381,674
Donegal	43,700,639	100%	43,700,639
Eastern Lancaster County	6,174,637	100%	6,174,637
Elizabethtown Area	50,425,000	100%	50,425,000
Ephrata Area	18,510,000	100%	18,510,000
Hempfield	60,749,013	100%	60,749,013
Lampeter-Strasburg	17,653,604	100%	17,653,604
Lancaster	180,275,460	100%	180,275,460
Manheim Central	62,939,324	100%	62,939,324
Manheim Township	122,931,022	100%	122,931,022
Octorara	44,734,491	100%	44,734,491
Penn Manor	114,847,092	100%	114,847,092
Pequea Valley	6,504,300	100%	6,504,300
Solanco	24,895,000	100%	24,895,000
Warwick	53,155,000	100%	53,155,000
Total School Districts			<u>877,017,777</u>
Municipal Authorities:			
Akron Borough	678,140	100%	678,140
Christiana Borough Authority	40,486	100%	40,486
Columbia Borough	18,960,000	100%	18,960,000
Denver Borough	166,302	100%	166,302
Earl Township Sewer Authority	4,134,051	100%	4,134,051
East Cocalico Township Water & Sewer Authority	4,630,000	100%	4,630,000
East Lampeter Sewer Authority	12,770,000	100%	12,770,000
East Lampeter Township	8,851,029	100%	8,851,029
Elizabethtown Regional Sewer Authority	8,429,250	100%	8,429,250
Ephrata Area Joint Authority	2,940,000	100%	2,940,000
Ephrata Borough Authority	10,945,000	100%	10,945,000
Ephrata Township Sewer Authority	1,576,553	100%	1,576,553
Lancaster Area Sewer Authority	75,420,629	100%	75,420,629
Lancaster County Hospital Authority	841,871,068	100%	841,871,068

(Continued)

County of Lancaster, Pennsylvania  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2019

Table 11 (Cont.)

Jurisdiction:	(1) Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lancaster County Solid Waste Management Authority	\$ 88,985	100%	\$ 88,985
Lancaster County Vo-Tech School Authority	19,060,000	100%	19,060,000
Leacock Township Municipal Authority	3,593,693	100%	3,593,693
Manheim Area Water and Sewer Authority	11,106,685	100%	11,106,685
Manheim Township	3,650,000	100%	3,650,000
Manheim Township Authority	1,350,000	100%	1,350,000
Marietta-Donnegal Joint Authority	3,592,676	100%	3,592,676
Mount Joy Borough Authority	23,100,000	100%	23,100,000
Mountville Borough Authority	53,496	100%	53,496
Northern Lancaster County Sewer Authority	6,079,337	100%	6,079,337
Paradise Township Sewer Authority	4,935,000	100%	4,935,000
Penn Township	1,129,961	100%	1,129,961
Quarryville Borough	2,237,220	100%	2,237,220
Redevelopment Authority	54,653,604	100%	54,653,604
Sadsbury Township Municipal Authority	970,000	100%	970,000
Suburban Lancaster Sewer Authority	24,515,000	100%	24,515,000
Warwick Township Municipal Authority	3,830,335	100%	3,830,335
Weaverland Valley Authority	3,122,462	100%	3,122,462
West Cocalico Township Authority	185,381	100%	185,381
West Earl Sewer Authority	6,465,000	100%	6,465,000
West Earl Water Authority	685,000	100%	685,000
Total Municipalities			<u>1,165,816,342</u>
Total Overlapping Debt			<u>2,109,329,472</u>
Total direct and overlapping debt			<u>\$ 2,319,630,809</u>

Source: Individual school districts, municipal authorities, and City of Lancaster; percent applicable to the County of Lancaster is 100 percent.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lancaster County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

(1) The debt of the city and school districts is tax based and the majority of the municipal authorities are self-supporting.

County of Lancaster, Pennsylvania  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Table 12

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Borrowing base revenues (1):					
Two years prior	\$ 129,828,387	\$ 130,291,338	\$ 132,014,815	\$ 133,405,844	\$ 139,531,382
Prior year	130,291,338	132,014,815	133,405,844	139,531,382	154,407,832
Current year	132,014,815	133,405,844	139,531,382	154,407,832	145,177,124
Total borrowing base revenues	<u>\$ 392,134,540</u>	<u>\$ 395,711,997</u>	<u>\$ 404,952,041</u>	<u>\$ 427,345,058</u>	<u>\$ 439,116,338</u>
Average borrowing base revenues	\$ 130,711,513	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 130,711,513	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>392,134,540</u>	<u>395,711,997</u>	<u>404,952,041</u>	<u>427,345,058</u>	<u>439,116,338</u>
Total amount of debt applicable to debt limit	270,323,221	259,721,873	270,171,500	263,404,700	249,868,700
Total Remaining Nonelectoral Debt Capacity	<u>\$ 121,811,319</u>	<u>\$ 135,990,124</u>	<u>\$ 134,780,541</u>	<u>\$ 163,940,358</u>	<u>\$ 189,247,638</u>
Total net debt applicable to the limit as a percentage of debt limit	68.94%	65.63%	66.72%	61.64%	56.90%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 130,711,513	\$ 131,903,999	\$ 134,984,014	\$ 142,448,353	\$ 146,372,113
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>522,846,053</u>	<u>527,615,996</u>	<u>539,936,055</u>	<u>569,793,411</u>	<u>585,488,451</u>
Less: Non-electoral Debt and Lease Rental Debt	<u>271,167,221</u>	<u>260,550,873</u>	<u>270,985,500</u>	<u>264,203,700</u>	<u>250,667,700</u>
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 251,678,832</u>	<u>\$ 267,065,123</u>	<u>\$ 268,950,555</u>	<u>\$ 305,589,711</u>	<u>\$ 334,820,751</u>
Total net debt applicable to the limit as a percentage of debt limit	51.86%	49.38%	50.19%	46.37%	42.81%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

(Continued)

County of Lancaster, Pennsylvania  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Table 12 (Cont.)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Borrowing base revenues (1):					
Two years prior	\$ 154,407,832	\$ 145,177,124	\$ 149,627,502	\$ 155,464,284	\$ 153,011,136
Prior year	145,177,124	149,627,502	155,464,285	153,011,136	158,457,096
Current year	149,627,502	155,464,285	153,011,136	158,457,096	158,785,543
Total borrowing base revenues	<u>\$ 449,212,458</u>	<u>\$ 450,268,911</u>	<u>\$ 458,102,923</u>	<u>\$ 466,932,516</u>	<u>\$ 470,253,775</u>
Average borrowing base revenues	\$ 149,737,486	\$ 150,089,637	\$ 152,700,974	\$ 155,644,172	\$ -
Net Nonelectoral Debt Limit:					
Average borrowing base revenues	\$ 149,737,486	\$ 150,089,637	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258
Debt limit percentage	300%	300%	300%	300%	300%
Net Nonelectoral Debt Limit	<u>449,212,458</u>	<u>450,268,911</u>	<u>458,102,923</u>	<u>466,932,516</u>	<u>470,253,775</u>
Total amount of debt applicable to debt limit	<u>234,384,400</u>	<u>218,350,500</u>	<u>208,252,100</u>	<u>190,552,400</u>	<u>185,458,000</u>
Total Remaining Nonelectoral Debt Capacity	<u>\$ 214,828,058</u>	<u>\$ 231,918,411</u>	<u>\$ 249,850,823</u>	<u>\$ 276,380,116</u>	<u>\$ 284,795,775</u>
Total net debt applicable to the limit as a percentage of debt limit	52.18%	48.49%	45.46%	40.81%	39.44%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit					
Average borrowing base revenues	\$ 149,737,486	\$ 150,089,637	\$ 152,700,974	\$ 155,644,172	\$ 156,751,258
Debt limit percentage	400%	400%	400%	400%	400%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	<u>598,949,944</u>	<u>600,358,548</u>	<u>610,803,897</u>	<u>622,576,688</u>	<u>627,005,033</u>
Less: Non-electoral Debt and Lease Rental Debt	<u>235,183,400</u>	<u>218,786,500</u>	<u>208,688,100</u>	<u>190,988,400</u>	<u>185,894,000</u>
Remaining Nonelectoral Debt and Lease Rental Debt Capacity	<u>\$ 363,766,544</u>	<u>\$ 381,572,048</u>	<u>\$ 402,115,797</u>	<u>\$ 431,588,288</u>	<u>\$ 441,111,033</u>
Total net debt applicable to the limit as a percentage of debt limit	39.27%	36.44%	34.17%	30.68%	29.65%

Source: Lancaster County Controller's Office

Note: Under state finance law, the County of Lancaster's outstanding non-electoral debt should not exceed 300% of the three-year average of General, Special Revenue, and Permanent funds' revenue. The outstanding net non-electoral and lease rental debt should not exceed 400% of the three-year average of General, Special Revenue, and Permanent funds' revenue. By law, the net non-electoral and lease rental debt may be offset by amounts set aside for repaying general obligation bonds.

(1) Borrowing base revenues represents total revenues less governmental grants received for a specific purpose.

County of Lancaster, Pennsylvania  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table 13

Years	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Local Unemployment Rate (6)
2010	519,445	\$ 18,921,587	\$ 36,366	38.2	86,917	6.8%
2011	523,594	19,653,012	37,535	38.2	85,537	6.2%
2012	526,823	21,119,188	40,088	38.5	85,180	6.6%
2013	529,600	21,774,881	41,116	38.7	85,491	4.9%
2014	533,320	22,245,595	41,712	38.3	84,678	3.6%
2015	536,624	24,145,511	44,995	38.4	84,634	3.0%
2016	538,500	24,684,347	45,839	38.5	84,481	3.7%
2017	542,903	26,714,515	49,207	38.5	84,824	3.3%
2018	543,557	28,625,770	52,664	38.7	85,249	3.4%
2019	545,724	*	*	*	84,808	3.3%

Sources:

- (1) Population: US Census Bureau
- (2) Personal Income: Bureau of Economic Analysis
- (3) Per Capita Personal Income: Bureau of Economic Analysis
- (4) Median Age: Population Estimates, US Census Bureau; based on Fiscal Year
- (5) School Enrollment: PA Department of Education
- (6) Local Unemployment Rate: U.S. Department of Labor, Bureau of Labor Statistics

Note: Prior year data has been updated to the most current information available.

\* Data not available.

County of Lancaster, Pennsylvania  
Principal Employers  
December 31, 2019

Table 14

Employer (1)	2019			2010		
	Employees (2)	Rank (1)	Percentage of Total County Employment	Employees (2)	Rank (1)	Percentage of Total County Employment
Lancaster General Hospital	9,260	1	3.74%	7,066	1	3.24%
Giant Food Stores	**	2		*		
Nordstrom Inc.	1,523	3	0.61%	*		
Dart Container Corporation	1,935	4	0.78%	1,510	8	0.69%
County of Lancaster	1,861	5	0.75%	2,008	5	0.92%
Masonic Villages	1,797	6	0.72%	1,476	9	0.68%
School District of Lancaster	1,662	7	0.67%	1,645	6	0.75%
Eurofin Lancaster Laboratories Inc	2,299	8	0.93%	*		
LSC Communications (formerly RR Donnelley)	**	9		2,740	2	1.26%
Lancaster Lebanon Intermediate Unit	1,331	10	0.54%	*		
Ephrata Community Hospital Inc.	*			2,093	3	0.96%
Cox Automotive Corporate Services (formerly Manheim Auto Auction)	*			2,026	4	0.93%
Armstrong World Industries Inc.	*			1,549	7	0.71%
Turkey Hill	*			1,440	10	0.66%
<b>Total</b>	<u>21,668</u>			<u>23,553</u>		
<b>Total Employees in County</b>	<u>247,907</u> (1)			<u>217,929</u> (1)		

Source: (1) Center for Workforce Information & Analysis, PA Department of Labor & Industry  
(2) Individual Employers

\* Company not included in top 10 ranking for the year

\*\* Data not available

County of Lancaster, Pennsylvania  
 Full-time County Government Employees by Function  
 Last Ten Fiscal Years

Table 15

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Function/Program:</b>										
<b>Governmental Activities</b>										
General government	259	263	254	251	251	234	233	232	240	194
Public safety	98	103	103	104	102	102	98	102	96	128
Health, education, and welfare	376	354	337	355	351	349	357	369	376	367
Judicial	588	605	620	599	598	586	608	608	608	598
Corrections	291	294	285	307	321	318	334	334	334	316
Cultural and recreation	14	15	15	14	13	13	12	13	13	13
Community development	-	-	6	6	5	5	5	5	6	6
<b>Total governmental activities</b>	<b>1,626</b>	<b>1,634</b>	<b>1,620</b>	<b>1,636</b>	<b>1,641</b>	<b>1,607</b>	<b>1,647</b>	<b>1,663</b>	<b>1,673</b>	<b>1,622</b>

Source: County of Lancaster Controller's Office

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government</b>										
General Election Information:										
Registered voters	317,635	301,562	314,567	307,478	311,498	309,581	335,791	321,046	329,492	325,296
Votes cast	151,428	49,946	224,670	51,322	142,298	65,388	246,938	72,326	203,944	88,660
Percent of votes cast	47.67%	16.56%	71.42%	16.69%	45.68%	21.12%	73.54%	22.53%	61.90%	27.26%
Property transfers recorded	10,414	9,879	11,031	11,718	11,184	11,985	12,604	13,087	12,609	12,806
9-1-1 calls	222,253	236,810	240,195	233,994	245,293	231,151	274,898	215,369	218,201	216,511
Text to 9-1-1	*	*	*	6	97	179	345	195	147	114
County ordinances approved	26	26	29	44	54	57	13	***	***	***
Municipal ordinances reviewed	177	184	168	193	221	226	306	275	297	316
<b>Judicial</b>										
Estates and wills probated	1,708	1,717	1,841	1,876	1,698	1,778	1,761	1,743	1,754	1,692
Marriage licenses issued	3,218	3,298	3,337	3,427	3,485	3,487	3,629	3,527	3,512	3,317
Child adoptions	258	242	249	232	245	230	249	246	246	199
Child relinquishments	156	175	133	167	145	163	143	181	45	52
Criminal cases filed	5,867	5,901	6,104	6,086	6,066	6,176	6,483	6,645	7,500	7,001
Criminal cases disposed	5,483	5,125	5,702	5,736	5,335	5,003	5,474	5,289	5,086	5,271
Civil suits filed	9,913	10,845	8,396	7,751	4,072	3,248	3,084	2,899	2,634	3,143
Civil judgments filed	6,266	7,031	9,449	12,565	8,542	7,922	11,110	10,818	9,363	9,595
Divorces filed	1,389	1,428	1,369	1,355	1,265	1,839	1,438	1,439	1,335	1,379
Protection from abuse cases filed	1,261	1,169	1,260	1,042	1,045	1,018	1,017	1,004	1,181	1,180
Naturalizations	197	166	182	225	169	261	193	200	207	255
Real estate executions										
(mortgage foreclosures) filed	1,082	632	777	980	952	755	705	721	296	375
District judge case filings	104,838	105,574	101,290	97,242	88,782	87,889	93,076	104,211	111,469	104,393
Domestic relations active cases	17,760	18,050	18,061	18,106	17,955	17,357	16,897	16,512	15,800	15,341
New juvenile probation cases	1,212	1,239	1,170	1,199	937	948	957	999	917	941
Juvenile probation placement days	48,276	48,359	35,313	34,121	28,012	22,797	20,711	18,476	17,135	15,943
New adult probation and parole cases	3,337	3,418	4,251	3,787	3,771	3,426	4,565	4,379	4,350	4,596
<b>Corrections</b>										
Average daily population	1,144	1,144	1,198	1,022	997	978	963	898	871	785
Annual admissions	5,739	6,263	6,145	5,913	5,715	5,454	5,110	5,742	6,206	6,006
<b>Culture and Recreation</b>										
Pool attendance	30,749	25,739	27,771	26,646	23,858	27,186	27,163	24,774	23,095	22,391
<b>Community Development</b>										
Easements added	20	13	26	33	20	23	26	21	16	23
Easement acreage added	1,633	1,396	1,931	1,851	1,362	1,560	1,781	1,534	1,250	1,902

Source: Various County Departments.

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2017, the County no longer has the authority to approve ordinances.

\*\*\*\* Starting in 2018, the county also pays for Suboxone.

(Continued)

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Health, education, and welfare</b>										
Employment and Training										
Customers served	7,551	5,710	**	**	**	**	**	**	**	**
Drug and Alcohol:										
Information and referral contacts	864	852	858	801	708	709	1,084	663	466	409
Inpatient non-hospital detox clients	357	447	403	460	499	428	206	257	313	375
Inpatient non-hospital rehab clients	222	381	129	463	413	327	197	226	319	393
Inpatient non-hospital halfway house clients	14	7	5	14	10	15	19	7	9	8
Inpatient hospital detox clients	1	1	2	1	1	1	1	1	1	-
Partial hospitalization clients	37	61	25	29	30	39	17	16	27	11
Outpatient drug free clients	1,998	1,421	1,153	1,190	1,088	964	628	619	631	645
Methadone maintenance clients	34	20	16	17	16	34	12	12	16	15
Suboxone maintenance clients	****	****	****	****	****	****	****	****	17	1
Intensive outpatient clients	217	197	179	147	133	155	117	113	137	134
Website visitors	111,751	146,411	143,170	117,917	131,381	13,297	14,356	*	*	*
Mental Health:										
Emergency/crisis intervention hours	3,633	3,589	4,197	141	6,649	3,436	11,677	3,450	3,105	5,065
Community residential days	30,942	48,463	29,211	27,805	28,066	27,801	27,404	27,371	28,094	25,960
Community employment hours	38,282	4,760	37,747	7,001	32,016	18,365	4,554	4,523	8,368	7,688
Service case management clients	3,580	3,924	3,193	2,618	2,932	3,387	3,231	3,363	3,985	3,391
Day treatment hours	4,942	2,214	4,197	4,704	3,013	366	347	417	392	841
Outpatient hours	3,572	6,744	4,395	3,042	5,677	1,727	1,201	1,245	885	748
Family based hours	1,035	1,556	3,542	166	-	-	-	275	204	94
Psychiatric rehab hours	29,424	27,406	33,743	2,808	118,770	23,345	20,129	23,719	7,824	8,075
Social rehab hours	25,622	44,950	28,099	31,960	96,113	24,475	21,195	22,360	25,125	25,600
Drop-in-Center hours	18,666	41,321	60,740	*	*	63,709	60,122	53,663	43,477	40,651
Host home days	-	-	-	-	-	-	-	-	-	-
Supported housing hours	8,122	17,085	9,147	9,209	38,424	9,221	9,190	9,483	8,858	8,083
Mental Retardation:										
Specialized support hours	10,314	9,704	1,168	6,458	6,828	3,167	2,944	1,148	393	123
Transportation trips	6,692	4,734	4,848	1,013	9,807	5,241	4,877	4,324	3,898	3,290
Employment hours	3,455	5,301	3,768	606	3,337	3,363	2,711	3,501	4,557	1,404
Residential services clients	237	610	22	24	32	33	32	40	34	33
Early intervention clients	2,314	2,470	1,189	2,419	1,250	1,201	1,234	1,273	1,225	1,937
Pre-Vocational hours	2,679	18,845	11,485	2,028	11,927	10,497	9,974	8,436	11,333	6,949
Respite clients	274	235	47	45	37	120	105	44	18	20
Home & community service hours	5,463	96,959	9,896	15,179	40,406	4,876	3,570	3,554	3,246	4,850
Family driven clients	162	58	8	2	-	132	194	171	7	141
Community habilitation hours	164,889	8,672	3,993	916	2,938	4,945	4,615	4,522	4,758	5,320

Source: Various County Departments.

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2017, the County no longer has the authority to approve ordinances.

\*\*\*\* Starting in 2018, the county also pays for Suboxone.

(Continued)

County of Lancaster, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 16 (Cont.)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health Choices										
Inpatient psychiatric:										
Members served	971	948	1,016	1,241	1,165	1,257	1,452	1,383	1,393	1,376
Days of service	12,433	12,784	15,904	16,824	17,473	21,556	23,163	20,339	25,416	28,491
Outpatient psychiatric:										
Members served	10,164	10,724	12,094	13,100	15,018	14,707	17,695	18,398	16,363	16,169
Units of service	218,594	178,870	240,775	252,287	263,741	286,814	307,581	346,721	348,233	282,709
Inpatient drug and alcohol:										
Members served	12	22	22	28	34	53	105	99	68	66
Days of service	103	117	236	325	270	453	949	828	541	436
Non-hospital drug and alcohol:										
Members served	664	763	786	790	1,327	940	2,004	2,169	1,444	1,511
Days of service	29,060	31,060	35,189	33,396	36,280	35,983	52,162	57,297	57,852	58,534
Outpatient drug and alcohol:										
Members served	1,760	1,874	2,041	2,140	2,253	2,386	3,698	3,947	3,400	3,350
Units of service	149,004	153,361	164,481	169,966	169,270	199,395	239,576	265,777	269,309	251,955
Behavioral health rehabilitation:										
Members served	2,276	2,484	2,671	2,735	5,651	2,426	5,552	6,509	2,630	2,346
Units of service	1,987,384	2,210,853	2,536,176	2,567,426	2,221,555	2,106,614	1,800,425	1,646,757	1,741,514	1,605,640
Residential treatment facility:										
JCAHO:										
Members served	137	110	121	121	122	98	108	97	92	85
Days of service	23,994	22,231	22,826	21,952	22,256	16,880	18,734	17,666	12,194	17,440
Non JCAHO:										
Members served	7	13	15	9	10	15	17	21	24	19
Days of service	1,744	2,662	2,417	2,270	2,493	3,333	3,765	4,840	5,374	3,972
Office of Aging:										
Case management clients	1,077	1,012	796	701	771	833	606	744	1,089	999
Protective services clients	898	983	1,268	1,237	1,360	1,690	1,594	1,857	2,039	2,543
Transportation clients	407	470	463	474	486	374	474	483	488	421
Meals provided	147,358	140,724	105,847	108,698	112,164	114,665	132,493	153,305	174,143	155,743
In-home services clients	581	534	647	511	635	555	497	589	639	521
Adult day care clients	69	44	47	50	69	55	96	117	110	84
PDA Waiver clients	235	236	265	296	319	350	273	217	179	174
Children and Youth:										
Children served	4,366	4,870	4,966	5,155	5,309	6,966	10,548	10,825	11,576	12,272
Placement days	185,369	190,217	173,999	156,618	162,789	177,027	183,822	192,760	186,924	165,722
Child abuse reports	1,001	881	1,218	1,192	1,191	1,744	2,391	2,506	2,509	1,825
Intake reports	1,221	1,300	1,057	1,348	1,233	1,967	2,830	3,257	3,369	3,448

Source: Various County Departments.

Note: \* Data not available.

\*\* Effective July 1, 2011, Employment and Training is no longer considered a function of the County.

\*\*\* Effective January 1, 2017, the County no longer has the authority to approve ordinances.

\*\*\*\* Starting in 2018, the county also pays for Suboxone.

County of Lancaster, Pennsylvania  
Capital Asset by Function  
Last Ten Fiscal Years

Table 17

Function/Program:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
<b>General government</b>										
Motor vehicles	6	9	9	10	9	8	6	4	3	3
Office buildings	2	2	1	1	3	3	3	1	1	1
<b>Public safety</b>										
Motor vehicles	17	25	26	26	26	20	19	17	14	13
Office buildings	1	1	1	1	1	1	1	1	1	1
<b>Roads and bridges</b>										
Motor vehicles	8	12	13	12	12	8	5	6	6	5
County-owned bridges	64	64	64	64	64	64	63	63	62	62
<b>Health, education, and welfare</b>										
Motor vehicles	6	6	6	5	5	5	5	3	3	3
Office buildings	–	3	3	3	–	–	–	–	–	–
<b>Judicial</b>										
Motor vehicles	70	114	120	119	121	65	52	38	30	17
Office buildings	3	3	4	4	4	4	4	3	3	3
<b>Corrections</b>										
Motor vehicles	7	7	7	7	8	8	8	7	7	4
Office buildings	2	2	2	2	2	2	2	2	2	2
<b>Cultural and recreation</b>										
Motor vehicles	45	48	48	48	48	39	34	29	26	23
Number of parks	9	9	9	9	9	9	9	9	9	9
Park acreage	2,055	2,055	2,055	2,055	2,055	1,995	1,995	1,995	1,995	1,996
Pavilions	12	12	12	12	12	11	11	11	11	11
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Environmental/Educational Buildings	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	4	4	3	3	3	3	3
Storage buildings	8	8	8	8	8	5	5	5	5	5
Tenant Properties	5	5	5	5	5	5	5	5	5	5
<b>Community development</b>										
Easement acreage	42,032	43,428	45,359	47,211	48,573	50,133	51,914	53,448	54,698	56,600

Source: Various County Departments.

Note: Numbers have been updated to reflect the most current data available.

County of Lancaster, Pennsylvania  
Salaries and Surety Bonds of Principal Officials  
For the year ended December 31, 2019

Table 18

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Joshua G. Parsons, Commissioner	\$ 100,410	(1)
Dennis P. Stuckey, Commissioner	99,410	(1)
Craig E. Lehman, Commissioner	99,410	(1)
Lawrence George, Chief Clerk	103,933	(1)
Jacquelyn E. Pfursich, Clerk of Courts	86,527	(1)
Brian K. Hurter, Controller	86,527	(1)
Stephen Diamantoni, Coroner	86,527	(1)
Craig W. Stedman, District Attorney	182,184	(2)
Katherine E. Wood-Jacobs, Prothonotary	86,527	(1)
Ann M. Hess, Recorder of Deeds	86,527	(1)
Anne L. Cooper, Register of Wills	88,527	(1)
Christopher Leppler, Sheriff	86,527	(1)
Amber L. Martin, Treasurer	86,527	\$ 1,000,000
23 bonded tax collectors	\$0.75 per parcel collected	\$ 55,095,550 (3)

Source: Lancaster County Commissioner's Office

- (1) Effective November 2011, Act 106 authorized counties to obtain crime insurance covering county officers, replacing prior requirements that certain individual officers of the County have separate bonds. The Travelers Crime policy meets the required bond limits for county officers; the full limit of \$2,000,000 is available for loss.
- (2) No bond required under Title 16, Section 420 of the County Code.
- (3) The dollar value is stated at 75% of total county and municipal tax levied in 2019 for those districts with tax collectors and is updated annually. Bonds are valid for the tax collector's term, January 2018 - January 2022.



County of Lancaster, Pennsylvania  
 Schedule of Insurance In-Force  
 December 31, 2019

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
<b>One Beacon Package Policy (continued)</b> Cyber Vandalism - Employee Cyber Business Income/Extra Expense Cyber Vandalism - non Employee Cyber Business Income/Extra Expense  Streetlights  Traffic Signals  Utility Services  Paved Surfaces	791-00-18-70-0000	April 1, 2019 to	\$ 135,975		\$ 50,000 \$ 50,000 \$ 10,000 \$ 10,000  \$ 50,000 per occurrence, \$25,000 deductible \$ 2,500 Per Item \$ 50,000 per occurrence, \$25,000 deductible \$ 2,500 Per Item  \$ 25,000 Direct Damage \$ 25,000 Business Income/Extra Expense  \$ 250,000
<b>One Beacon Package Policy</b> Inland Marine	791-00-18-70-0000	April 1, 2019 to April 1, 2020			\$ 32,769,465 Miscellaneous Articles \$ 1,000 Deductible \$ 104,825 DA Portable Radios \$ 1,000 Deductible \$ 1,000 Leased, Rental or Borrowed  \$ 25,000 Law Enforcement Dog, limit per dog \$ 200,000 Law Enforcement Dog, aggregate \$ 1,000 Deductible
<b>One Beacon Package Policy</b> Excess Liability	791-00-18-70-0000	April 1, 2019 to April 1, 2020	\$ 109,805	Underlying coverages: General Liability Public Officials Liability, Law Enforcement Liability Business Auto. Employers Liability non included	\$ 10,000,000 Each Claim/Aggregate
<b>Gerber Life Insurance Company</b> Volunteer Accident	38-077670-19	October 1, 2019 to October 1, 2020		Accidental Medical Expense Accident Death and Dismemberment	\$ 25,000 Each Accident \$ 5,000 Each Accident
<b>Travelers</b> Cyber Liability with Crime	106788704	August 16, 2019 to August 16, 2020	\$ 18,893	Privacy and Security Media Breach Cyber Extortion Crime/Fraud Social Engineering Telecom Fraud Business Interruption/Extra Expense	\$ 1,000,000 Aggregate \$ 25,000 Retention  \$ 100,000 sub Aggregate \$ 100,000 sub Aggregate \$ 1,000,000 Aggregate
<b>Federal Insurance Company</b> Fiduciary liability Employee Retirement Plan	8223-9266	June 13, 2019 to June 13, 2020	\$ 9,485	Fiduciary Liability Estates and Legal Representative and Spousal Liability Defense within the limits Territory - Worldwide	\$ 1,000,000 Each Loss \$ 1,000,000 Each Policy Period \$ 15,000 deductible
<b>SAFETY NATIONAL</b> Workers Compensation	SP 4062096	January 1, 2020 to January 1, 2021	\$ 74,587	Excess Workers Compensation Employers Liability	Statutory Each Accident/Limit Each Employee Per Disease \$ 1,000,000 Each Accident/Limit Each Employee Per Disease \$ 500,000 Self Insured retention

(Continued)

County of Lancaster, Pennsylvania  
 Schedule of Insurance In-Force  
 December 31, 2019

Table 19 (Cont.)

Name of Company/ Type of Coverage	Policy Number	Policy Period	Premium	Details of Coverage and Co-Insurance %	Liability Limit
One Beacon Package Policy Professional Liability	791-00-18-70-0000	April 1, 2019 to April 1, 2020	\$ 278,183	Public Officials E&O	\$ 1,000,000 Each Wrongful Ace
					\$ 2,000,000 Aggregate
					\$ 100,000 Retention
				Public Officials Employment Practices	\$ 1,000,000 Each Wrongful Ace
					\$ 2,000,000 Aggregate
				Law Enforcement Liability	\$ 100,000 Retention
	\$ 1,000,000 Each Wrongful Ace				
				\$ 2,000,000 Aggregate	
One Beacon Builder's Risk	790-02-87-04-0000	September 16, 2019 to May 16, 2021	\$ 13,590	Construction/Equipment Breakdown	\$ 16,000,000 Limit
				Soft Costs	\$ 1,500,000
				Earthquake	\$ 1,500,000
				Flood	\$ 1,500,000
					\$ 25,000 Deductible
<b>BROTEMARKLE (1)</b> Rockwood Casualty Insurance Company	FPL-135	07/01/19-06/30/20	\$ 12,600	Personal Liability Insurance for foster parents	\$ 300,000 Per Person, Per Occurrence

(1) Contracted directly by Children and Youth Agency

Source: Lancaster County Commissioner's Office

Note: Safety Training Facility General Liability and Umbrella included in current Insurance Program.

**DISCLAIMER - GENERAL**

This document is for illustrative purposes. It contains generalized information and is not to be a full and complete description of the actual insurance policies. You must read the policies for any specific policy provisions or details.

(Conclusion of the report)