



# **County of Delaware, Pennsylvania**

Financial Statements and  
Supplementary Information

Year Ended December 31, 2019

# **County of Delaware, Pennsylvania**

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## **Independent Auditors' Report**

To the County Council of  
County of Delaware, Pennsylvania

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Delaware, Pennsylvania (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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, comprised of the Delaware County Solid Waste Authority, the Economic Development Oversight Board, the Delaware County Chester Waterfront Industrial Development Authority and the Redevelopment Authority of the County of Delaware, which represent 100 percent of the assets, net position and revenues of the discretely presented component units of the County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delaware County Solid Waste Authority, the Economic Development Oversight Board, the Redevelopment Authority of the County of Delaware and the Delaware County Chester Waterfront Industrial Development Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Delaware, Pennsylvania, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3 through 14, Schedule of Changes in Net Other Post - Employment Benefit Liability and Related Ratios, Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios, Schedule of Employer Contributions and Schedule of Investment Returns on pages 71 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards on pages 75 through 77, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, the Schedule of Selected Commonwealth of Pennsylvania, Department of Human Services (DHS) Assistance on page 78 and the schedules of City of Philadelphia Contract Numbers 1920029 and 2020059, Schedules of Source and Status of Funds, Schedules of Program Expenditures, Reconciliation Schedules and Schedules of Program Income on pages 110 through 117, as required by the City of Philadelphia Subrecipient Audit Guide (collectively, the other information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)

Philadelphia, Pennsylvania

June 29, 2020 except for our report on other information for which the date is December 21, 2020

# **County of Delaware, Pennsylvania**

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## Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the County of Delaware for the year ended December 31, 2019, compared to 2018. The County's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. Additional information is provided in the Transmittal Letter preceding this Management Discussion and Analysis, which can be found on pages 3-14 of this report. This discussion focuses on the County's primary government. Component units, unless otherwise noted, are not included in this discussion.

### **Financial Highlights**

During 2019, the County's governmental activities total net position as shown in the government-wide statements decreased by \$22 million. This decrease in net position is primarily attributable to the change of the net pension asset to a net pension liability in 2019 and the change in the other post employee benefit liability. These changes were the result of factors that the actuaries use to perform a valuation of these liabilities, including a decrease in the discount rates used based on market indicators, the results of the pension's investment performance during 2018, and changes in the actuarial assumptions.

### **Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, corrections, health and welfare, highways, bridges and streets. The business-type activity of the County is a geriatric center.

# **County of Delaware, Pennsylvania**

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## Management's Discussion and Analysis (Unaudited)

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Solid Waste Authority, legally separate Economic Development Oversight Board, legally separate Redevelopment Authority and legally separate Chester Waterfront Industrial Development Authority, for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with fiscal-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects fund, and the Health and Human Service funds, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation captioned "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-21 of this report.

**Proprietary funds.** The County maintains two proprietary funds. Proprietary funds, or enterprise funds, are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its Geriatric Center. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its health, workers' compensation and casualty/liability insurance. Since these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

## **County of Delaware, Pennsylvania**

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Management's Discussion and Analysis  
(Unaudited)

**Fiduciary funds.** The County maintains two fiduciary funds which consists of the Pension Trust Fund and the Deshong Trust Fund. The Pension Trust Fund is maintained to account for assets held by the County in a trustee capacity for individuals currently or previously employed by the County. The Deshong Trust Fund is maintained to account for the assets held by the County in a trustee capacity obtained through the distribution of the Deshong estate. Fiduciary activities are excluded from the government-wide statements because those resources are not available to finance the County's programs.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-70 of this report.

**Required supplementary information.** Certain required supplementary information concerning the County's progress in funding its obligations to provide OPEB benefits to its employees and retirees and their dependents and changes in the County's pension liability, employer contributions and investment return can be found on pages 71-74 of this report.

### **General Fund Budgetary Highlights**

The General Fund final expenditure budget for fiscal year 2019 was approximately \$246 million. This was an increase of approximately \$1 million from the prior year final budget. There were no council amendments to the 2019 General Fund budget. Taking into account total expenditures and operating transfers, the County experienced an overall favorable budgetary variance of approximately \$23 million, primarily as a result of controlling expenditures.

The General Fund budget complied with the financial policies approved by the County Council.

### **Government-Wide Financial Analysis**

The County's net position includes its net investment in capital assets (e.g., land, buildings and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County's investment in its capital assets is reported, net of related debt, was \$(29,224,252).

# County of Delaware, Pennsylvania

## Management's Discussion and Analysis

(Unaudited)

### County's Condensed Statement of Net Position (In Millions)

	Governmental Activities		Business-Type Activity		Total		% Change
	2019	2018	2019	2018	2019	2018	
Current assets	\$ 295	\$ 258	\$ 18	\$ 22	\$ 313	\$ 280	12 %
Other noncurrent assets	178	208	-	12	178	220	(19)
Capital assets, net	176	172	10	10	186	182	2
Total assets	649	638	28	44	677	682	(1)
Deferred outflows	100	34	30	6	130	40	225
Other liabilities	180	128	5	7	185	135	37
Long-term liabilities outstanding	743	740	41	25	784	765	2
Total liabilities	923	868	46	32	969	900	8
Deferred inflows	112	68	9	11	121	79	53
Net position:							
Net investment in capital assets	(29)	(40)	(12)	(2)	(41)	(42)	(2)
Restricted	5	6	-	-	5	6	(17)
Unrestricted	(262)	(230)	15	9	(247)	(221)	12
Total net position	\$ (286)	\$ (264)	\$ 3	\$ 7	\$ (283)	\$ (257)	10 %

# County of Delaware, Pennsylvania

Management's Discussion and Analysis  
(Unaudited)

## County's Condensed Statement of Activities (In Millions)

	Governmental Activities		Business-Type Activity		Total		% Change
	2019	2018	2019	2018	2019	2018	
<b>Program revenues:</b>							
Charges for services	\$ 33	\$ 31	\$ 67	\$ 67	\$ 100	\$ 98	2 %
Operating grants and contributions	363	362	-	-	363	362	-
Capital grants and contributions	4	2	-	-	4	2	100
<b>General revenues:</b>							
Property taxes	173	177	-	-	173	177	(2)
Gaming revenue	7	8	-	-	7	8	-
Other	2	2	1	1	3	3	-
Investment earnings	3	2	-	-	3	2	50
<b>Total revenues</b>	<b>585</b>	<b>584</b>	<b>68</b>	<b>68</b>	<b>653</b>	<b>652</b>	<b>-</b>
<b>Program expenses:</b>							
General government	167	159	-	-	167	159	5
Judicial	47	46	-	-	47	46	2
Corrections	73	74	-	-	73	74	(1)
Health and Human Services	305	301	-	-	305	301	1
Highways, streets and bridges	5	3	-	-	5	3	67
Interest on long-term debt	5	5	-	-	5	5	-
Geriatric Center	-	-	77	72	77	72	7
<b>Total expenses</b>	<b>602</b>	<b>588</b>	<b>77</b>	<b>72</b>	<b>679</b>	<b>660</b>	<b>3</b>
<b>Net revenue (expense) before transfers</b>	<b>(17)</b>	<b>(4)</b>	<b>(9)</b>	<b>(4)</b>	<b>(26)</b>	<b>(8)</b>	<b>225</b>
<b>Transfers</b>	<b>(5)</b>	<b>(3)</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(22)</b>	<b>(7)</b>	<b>(4)</b>	<b>(1)</b>	<b>(26)</b>	<b>(8)</b>	<b>225</b>
<b>Net position, beginning</b>	<b>(264)</b>	<b>(257)</b>	<b>7</b>	<b>8</b>	<b>(257)</b>	<b>(249)</b>	<b>3</b>
<b>Net position, ending</b>	<b>\$ (286)</b>	<b>\$ (264)</b>	<b>\$ 3</b>	<b>\$ 7</b>	<b>\$ (283)</b>	<b>\$ (257)</b>	<b>10 %</b>

# **County of Delaware, Pennsylvania**

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## Management's Discussion and Analysis (Unaudited)

**Governmental activities.** Governmental activities decreased the County's net position by approximately \$22.0 million. Key element of this decrease are a result of the following:

- Total governmental activities program expenses increased approximately \$14 million primarily as a result of changes in the net pension liability and other post employment benefit liability.
- The operating transfer from the General Fund to the Geriatric Center increased by approximately \$1.9 million.

**Business-type activity.** Business-type activities decreased the County's net position by approximately \$4.5 million. Key element of this decrease are a result of the following:

- The Geriatric Center's expenditures increased approximately \$3.4 million as a result of changes in the entity's allocation of its proportionate share of the net pension liability.
- The Geriatric Center's nonpension fund related costs increased by approximately \$1.0 million in 2019, primarily as a result of increased employee healthcare costs, workers compensation costs and other operational costs including facilities management, pharmacy and physical and occupational therapy.

## **Financial Analysis of the Major Funds**

### **General Fund**

Revenues of the General Fund totaled \$238,714,984 for the year ended December 31, 2019. The following represents a summary of General Fund revenue, by source, along with changes from 2018:

	<b>2019 Amount</b>	<b>2018 Amount</b>	<b>Increase (Decrease) From 2018</b>	<b>Percentage Increase (Decrease)</b>	
Real estate taxes	\$ 171,788,448	\$ 177,034,412	\$ (5,245,964)	(3) %	
Gaming revenue	7,458,270	7,815,230	(356,960)	(5)	
Licenses and permits	38,635	26,083	12,552	48	
Investment earnings	1,765,532	1,811,675	(46,143)	(3)	
General grants	23,140,708	23,707,796	(567,088)	(2)	
Charges for services, fines and forfeits	22,666,058	21,655,562	1,010,496	5	
Other	11,857,333	11,508,192	349,141	3	
<b>Total</b>	<b>\$ 238,714,984</b>	<b>\$ 243,558,950</b>	<b>\$ (4,843,966)</b>	<b>(2) %</b>	

Real estate tax revenue decreased in 2019 compared to 2018, primarily as a result of the decrease in the millage rate to 5.461 mills on each dollar of assessed valuation in 2019, compared to 5.604 mills on each dollar of assessed valuation in 2018.

Gaming revenue decreased primarily due to the decrease in state and private casino reimbursements.

The decrease in general grants is primarily due to decreases in Title IV-E and adult probation reimbursable costs experienced in 2019.

The increase in charges for services, fines and forfeits is primarily due to increased revenue collections experienced in the offices of Recorder of Deeds and Register of Wills and reimbursements received for services related to Title IV-D.

## **County of Delaware, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

General Fund expenditures totaled \$223,147,881, which represents an increase of \$5,945,355 or 3 percent from 2018. The following represents a summary of General Fund expenditures for the year ended December 31, 2019, by source, along with changes from 2018:

	<b>2019 Amount</b>	<b>2018 Amount</b>	<b>Increase (Decrease) From 2018</b>	<b>Percentage Increase (Decrease)</b>	
General government	\$ 25,210,816	\$ 24,591,607	\$ 619,209	3	%
Judicial	47,047,803	46,108,527	939,276	2	
Corrections	70,581,008	71,367,594	(786,586)	(1)	
Transportation	8,530,686	8,161,720	368,966	5	
Other	47,298,076	43,596,337	3,701,739	8	
Debt service:					
Principal	17,401,244	16,987,090	414,154	2	
Interest	7,078,248	6,389,651	688,597	11	
Total	<u>\$ 223,147,881</u>	<u>\$ 217,202,526</u>	<u>\$ 5,945,355</u>	<u>3</u>	<u>%</u>

General government expenditures increased in 2019 primarily due to increased employee payroll and employee benefit expenses as a result of filling of vacant positions, as well as additional costs related to IT licensing costs.

Judicial costs increased in 2019 mainly as a result of higher juvenile placement costs and increased departmental costs for District Justices.

Corrections expenditures decreased primarily as a result of decreased contracted operational and legal services costs related to the County Prison.

Other expenses increased primarily due to increases in employee benefit expenses of approximately \$2 million and the increase in the actuarial determined pension funding contribution of approximately \$1.4 million. The pension funding contribution expense increased in 2019 as a result of unfavorable market conditions experienced in 2019. The increase in employee benefit expense is primarily the result of increases in healthcare claims costs.

The overall increase in the debt service expenditure amount is due to higher principal payments made in 2019.

## **County of Delaware, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

The following shows the original and final revenue and expenditure budgets for the General Fund (which as noted above required no council amendments):

	<b>Original</b>	<b>Final</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
Real estate taxes	\$ 171,263,000	\$ 171,263,000	\$ -
Gaming revenue	7,875,000	7,875,000	- -
Licenses and permits	40,000	40,000	- -
General grants	27,440,000	27,440,000	- -
Charges for services, fines and forfeits	22,745,000	22,745,000	- -
Investment earnings	1,380,000	1,380,000	- -
Other	<u>10,325,000</u>	<u>10,325,000</u>	- -
 Total revenues	 <u>241,068,000</u>	 <u>241,068,000</u>	 - -
 <b>Expenditures:</b>			
General government	29,395,000	29,470,000	75,000
Judicial	56,644,000	56,644,000	- -
Corrections	75,614,000	75,614,000	- -
Transportation	8,560,000	8,560,000	- -
Other	<u>55,818,000</u>	<u>51,231,035</u>	(4,586,965)
Debt service:			
Principal	21,105,000	17,405,000	(3,700,000)
Interest	<u>8,291,000</u>	<u>7,078,965</u>	(1,212,035)
 Total expenditures	 <u>\$ 255,427,000</u>	 <u>\$ 246,003,000</u>	 \$ (9,424,000)

### **Expenditures**

General Government - The general government budget was decreased as a result of a budgetary transfer from Grant Appropriations to the Constables budget for unanticipated expenses for constable fees paid for serving warrants.

Other - The budget for other expenditures was increased to fund required subsidies for Fair Acres Geriatric Center and 9-1-1 operations.

Debt Service - The budget for Debt Service was decreased to reflect the allocation of debt service expenditures to Fair Acres Geriatric Center.

### **Capital Projects Funds**

The County's Capital Project Funds account for financial resources expended to acquire or construct property and equipment. For the year ended December 31, 2019, the County expended \$14,716,093 for such projects, which represents an increase of \$962,165 from 2018. Capital Projects Fund balances at December 31, 2019, totaled \$29,326,314, of which \$5,475,000 is for an investment pledged by the Delaware County Solid Waste Authority as a Department of Environment Protection Agency bonding requirement.

# **County of Delaware, Pennsylvania**

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Management's Discussion and Analysis  
(Unaudited)

## **Health and Human Service Funds**

The Health and Human Service Funds' revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal and state grants, are restricted by law or other formal action to expenditures for specific purposes. The County match of \$7,173,000 in 2019 to the Health and Human Service Funds is reflected as operating transfers from the General Fund to cover the deficiency of revenues over expenditures.

## **Other Governmental Funds**

The Other Governmental Funds revenues are derived from specific sources and are designated for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditure for specific purposes.

The County maintains eight special revenue funds, which contain activity related to Office of Workforce Development and other grants, planning around hazardous materials within in the County, operations of the 911 Program, providing Library Services, maintenance of County bridges and roads received through Pennsylvania Liquid Fuels funds, operations of the County of Delaware Services for the Aging, monitoring and administering development and rehabilitation grants, and to accounting for Marcellus Shale Impact Fees. Revenues and expenditures totaled \$50,165,846 and \$56,569,089, respectively, for 2019. These amounts represent an increase in revenue of 3 percent and an increase in expenditures of 11 percent from 2018 amounts. The following programs had an excess of revenues over expenditures in 2019 as follows: 911 program - \$4,585,726 and COSA - \$121,000, which is the County subsidy. The following programs had excess (deficiency) revenues over expenditures in 2019 as follows: Library - \$13,882, Liquid Fuels - \$(425,851), CDBG/Rehab program - \$(2,140,892) and other grants- \$(3,656).

## **Pension Trust Fund**

The net position reserved for employee's pension benefits was \$562,788,438. The funding status of the employees' pension trust fund remains sound.

## **Fund Balances**

Management feels that the restrictions, commitments and assignments of its fund balances does not significantly affect the resources available for future use of the County for ongoing operations.

## **Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$186,524,403 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements.

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Land	\$ 6,176,214	\$ -	\$ 6,176,214
Construction in progress	5,087,745	-	5,087,745
Land improvements	8,345,585	-	8,345,585
Buildings and improvements	109,613,850	8,132,180	117,746,030
Equipment	27,647,341	2,326,901	29,974,242
Infrastructure	19,194,587	-	19,194,587
 Total	 \$ 176,065,322	 \$ 10,459,081	 \$ 186,524,403

Additional information on the County's capital assets can be found in Note 12 on page 49 of this report.

# **County of Delaware, Pennsylvania**

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## Management's Discussion and Analysis (Unaudited)

### **Long-Term Debt**

As of December 31, 2019, the County's actual general obligation debt of \$280,204,000 is well below the legal limit of \$1,704,686,520 by \$1,424,482,520. Additional information on the County's long-term debt can be found at Note 16 on page 53 of this report.

The County's bonds continue to have a favorable rating from Moody's Investors Services, Inc. of "Aa1" and Standard and Poor's Rating Group of "AA."

### **Economic Outlook**

2019 was a year of stable economic growth in Delaware County. The County's unemployment rate at year end of 3.9% remained below the statewide rate of 4.6%, and the County's median household income was \$91,605 compared to the state's median household income of \$75,477. According to the Bureau of Labor Statistics, the number of employees in the County totaled 290,048 as of December 2019. The number of businesses grew to 14,094 from 13,783 the previous year.

In addition, Moody's Investors Service affirmed the County's Aa1 rating in its 2019 Issuer Comment report, and the County's rating remains at AA with Standard & Poor's Ratings Services. The Moody's report stated, "Delaware County's credit position is very high quality," and remarked, "The key credit factors include a robust financial position, an extensive tax base and an above average wealth and income profile. It also reflects a moderate debt burden and a low pension liability."

New construction and redevelopment projects in the County commenced or were completed in 2019.

Project highlights include the following:

- Installation of a new natural gas line to the Kimberly Clark Plant will result in a \$150 million conversion of the coal fired plant to gas. Not only will this trigger significant reduction in carbon emissions, it will also ensure the future of the largest manufacturing facility in the City of Chester.
- A \$3.5 million modernization project at the Monroe Energy refinery began in Trainer.
- The County participated in the development of a master plan to revitalize the City of Chester's waterfront.
- The Delaware County Redevelopment Authority administered \$5 million in state funding for the Ponds Edge commercial development in Middletown Township in addition to \$5 million specifically for the adjacent Franklin Mint redevelopment.
- \$1.25 million was earmarked and administered for Boeing helicopters in Ridley.
- The Promenade at Granite Run in Middletown Township features 830,000 square feet of mixed-used development, including retail anchors TJ Maxx, Michael's, Boscov's, Sears, Kohl's, Edge Fitness and Acme Supermarket. A leasing office opened in 2019 for two luxury apartment complexes totaling 400 apartments.
- Also investing in the County is Equus Capital with their continued development of Ellis Preserve in Newtown Square. The community welcomed a Whole Foods at the Shoppes at Ellis Preserve in January 2019. Phase II of The Shoppes at Ellis Preserve is now in the planning and pre-development stage.
- Crozer Keystone Health System began the second phase of their expansion project of their Taylor Hospital Emergency Room. Additionally, Main Line Health began construction on renovation of their Birthplace at Riddle Hospital, which includes the nursery, patient rooms and other care areas for families and newborns.
- Major transformative campus construction projects are underway at Villanova, Cabrini and Neumann Universities.
- Amerihealth Caritas, an Independence Blue Cross affiliate that manages Medicaid plans, is relocating corporate headquarters from Tinicum Township to the Ellis Preserve in Newtown Square. They will reside in a custom built 378,000 square foot building. The customer service teams and support workers will remain in the Tinicum location.

## **County of Delaware, Pennsylvania**

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### Management's Discussion and Analysis (Unaudited)

The Delaware County Commerce Center continues their contract with the Pennsylvania Department of Community and Economic Development to act as the agent for the statewide "Engage!" program whereby staff meet individually with businesses located in the County to assess their needs and determine if particular government programs are available to assist these companies in growing their businesses. In this fiscal year to date, over 200 businesses have participated.

The Governor of Pennsylvania designated portions of five communities within the County as "Opportunity Zones" to encourage private investment. This incentive allows taxpayers with capital gains to invest in equity funds for business development in the Opportunity Zones. In exchange, the taxpayers receive deferred, or potentially even complete forgiveness of, federal taxes due on gains from the investment. The Delaware County Commerce Center has taken the lead in marketing the sites to potential investors.

Recent events may impact the County's future economic outlook:

- On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, the Governor of the Commonwealth of Pennsylvania declared an emergency requiring the closure of businesses, schools, and other institutions, resulting in job losses. The impact on businesses and the job losses may have the potential to affect County operations due to the loss of tax revenues.
- In 2019, the Board of Delaware County Regional Water Quality Control Authority (DELCORA) entered into an agreement with Aqua Pennsylvania to sell DELCORA and privatize its operations. Further, the parties agreed to create a trust to distribute assets from the sale. In June 2020, Delaware County Council enacted an ordinance that would dissolve the authority and have the County assume the assets and liabilities of DELCORA. Council also filed a civil complaint in Delaware County Common Pleas Court to block the formation of the trust.

The outcome of these events is still pending, so County's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty.

With its strong economy and tax base, and in light of the resilience of its residents, Delaware County is prepared to demonstrate stability and growth in the face of undetermined local and national conditions.

## **County of Delaware, Pennsylvania**

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Management's Discussion and Analysis  
(Unaudited)

### **Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, County of Delaware, 201 West Front Street, Media, Pennsylvania 19063.

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Delaware County Solid Waste Authority  
Rose Tree Park Hunt Club  
1521 North Providence Road  
Media, Pennsylvania 19063
- Economic Development Oversight Board  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Delaware County Chester Waterfront Industrial Development Authority  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063

**County of Delaware, Pennsylvania**

Statement of Net Position  
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activity	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 114,024,520	\$ 8,378,339	\$ 122,402,859	\$ 9,665,683
Receivables (net of allowance for uncollectibles):				
Taxes	8,598,186	-	8,598,186	-
Accounts	2,559,028	15,195,978	17,755,006	4,052,803
Grants	55,629,956	-	55,629,956	-
Notes	25,290,230	-	25,290,230	-
Other	6,015,254	-	6,015,254	999,785
Due from component units	7,496,253	-	7,496,253	-
Internal balances	7,053,430	(7,053,430)	-	-
Inventories	-	-	-	109,552
Other assets	8,071,393	2,840	8,074,233	568,921
Investments	-	-	-	10,500
Restricted cash and cash equivalents	60,167,864	889,764	61,057,628	6,187,442
Investment in joint venture	178,709,867	-	178,709,867	-
Capital assets (net of accumulated depreciation):				
Land	6,176,214	-	6,176,214	8,873,485
Construction in progress	5,087,745	-	5,087,745	-
Land improvements	8,345,585	-	8,345,585	1,782,138
Buildings and improvements	109,613,850	8,132,180	117,746,030	19,576,665
Equipment	27,647,341	2,326,901	29,974,242	18,237,751
Infrastructure	19,194,587	-	19,194,587	-
Total assets	649,681,303	27,872,572	677,553,875	70,064,725
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources, other post-employment benefit liability	42,308,434	-	42,308,434	-
Deferred outflows of resources, pension	57,310,538	29,523,611	86,834,149	113,039
Total deferred outflows of resources	99,618,972	29,523,611	129,142,583	113,039
Total assets and deferred outflows of resources	<u>\$ 749,300,275</u>	<u>\$ 57,396,183</u>	<u>\$ 806,696,458</u>	<u>\$ 70,177,764</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 59,330,944	\$ 5,304,674	\$ 64,635,618	\$ 3,219,872
Accrued interest payable	1,026,642	-	1,026,642	-
Other liabilities	43,012,530	-	43,012,530	-
Due to primary government	-	-	-	7,496,253
Unearned revenue	76,999,070	-	76,999,070	75,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	17,459,880	5,282,120	22,742,000	534,000
Claims payable	2,912,730	-	2,912,730	-
Due in more than one year:				
Bonds and notes payable	242,473,100	17,376,913	259,850,013	6,838,000
Claims payable	2,153,266	-	2,153,266	-
Net other post-employment benefit liability	443,411,109	-	443,411,109	-
Net pension liability	34,276,946	17,657,820	51,934,766	701,101
Accrued closure costs	-	-	-	18,662,430
Total liabilities	923,056,217	45,621,527	968,677,744	37,526,656
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources, other post-employment benefit liability	93,987,700	-	93,987,700	-
Deferred inflows of resources, pension	18,140,551	9,345,132	27,485,683	520,376
Total deferred inflows of resources	<u>112,128,251</u>	<u>9,345,132</u>	<u>121,473,383</u>	<u>520,376</u>
<b>Net Position</b>				
Net investment in capital assets	(29,224,252)	(12,199,952)	(41,424,204)	40,073,840
Restricted for:				
Highways and streets	343,777	-	343,777	-
Library	507,193	-	507,193	-
Community development	2,536,377	-	2,536,377	-
Title IV D program	1,173,475	-	1,173,475	-
Capital projects	19,787	-	19,787	-
Economic development	-	-	-	14,455
Solid waste	-	-	-	5,750,000
Unrestricted	(261,240,550)	14,629,476	(246,611,074)	(13,707,563)
Total net position	<u>(285,884,193)</u>	<u>2,429,524</u>	<u>(283,454,669)</u>	<u>32,130,732</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 749,300,275</u>	<u>\$ 57,396,183</u>	<u>\$ 806,696,458</u>	<u>\$ 70,177,764</u>

*See notes to financial statements*

**County of Delaware, Pennsylvania**

Statement of Activities

Year Ended December 31, 2019

	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	Component Units	
Functions/Programs	Expenses							
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 166,753,855	\$ 18,077,728	\$ 46,303,977	\$ 495,178	\$ (101,876,972)	\$ -	\$ (101,876,972)	
Judicial	47,047,803	7,106,864	20,905,014	-	(19,035,925)	-	(19,035,925)	
Corrections	72,815,146	7,414,143	758,799	-	(64,642,204)	-	(64,642,204)	
Health and human services	304,801,886	-	293,927,797	-	(10,874,089)	-	(10,874,089)	
Highways, streets and bridges	4,932,774	-	947,393	3,406,574	(578,807)	-	(578,807)	
Interest on long-term debt	5,453,536	-	-	-	(5,453,536)	-	(5,453,536)	
Total governmental activities	601,805,000	32,598,735	362,842,980	3,901,752	(202,461,533)	-	(202,461,533)	
Business type activity, Genetic Center	77,168,139	66,709,125	-	-	-	(10,459,014)	(10,459,014)	
Total primary government	<u>\$ 678,973,139</u>	<u>\$ 99,307,860</u>	<u>\$ 362,842,980</u>	<u>\$ 3,901,752</u>	<u>(202,461,533)</u>	<u>(10,459,014)</u>	<u>(212,920,547)</u>	
<b>Component Units</b>								
Solid Waste Authority	\$ 43,814,182	\$ 41,264,405	\$ 86,578	\$ -		\$ -	\$ (2,463,199)	
Economic Development	596,538	68,658	674,820	-			146,940	
Waterfront Industrial Development Authority	978,833	-	-	-			(978,833)	
Redevelopment Authority	6,692,908	-	6,385,092	-			(307,816)	
Total component units	<u>\$ 52,082,461</u>	<u>\$ 41,333,063</u>	<u>\$ 7,146,490</u>	<u>\$ -</u>			<u>(3,602,908)</u>	
<b>General Revenues</b>								
Property taxes			172,952,532	-	172,952,532	-	-	
Gaming revenue			7,458,270	-	7,458,270	-	-	
Grants and charges not restricted to specific programs			2,124,575	-	2,124,575	-	-	
Other revenues (expenses)			-	1,100,021	1,100,021		(704,278)	
Unrestricted investment earnings			2,673,397	140,854	2,814,251		118,541	
Transfers			(4,767,707)	4,767,707	-	-	-	
Total general revenues and transfers			<u>180,441,067</u>	<u>6,008,582</u>	<u>186,449,649</u>		<u>(585,737)</u>	
Change in net position			(22,020,466)	(4,450,432)	(26,470,898)		(4,188,645)	
<b>Net Position, Beginning</b>			<u>(263,863,727)</u>	<u>6,879,956</u>	<u>(256,983,771)</u>		<u>36,319,377</u>	
<b>Net Position, Ending</b>			<u>\$ (285,884,193)</u>	<u>\$ 2,429,524</u>	<u>\$ (283,454,669)</u>		<u>\$ 32,130,732</u>	

*See notes to financial statements*

**County of Delaware, Pennsylvania**

Balance Sheet  
Governmental Funds  
December 31, 2019

	<b>General</b>	<b>Capital Projects</b>	<b>Health &amp; Human Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 81,109,065	\$ 64,201	\$ 11,596,840	\$ 16,825,494	\$ 109,595,600
Receivables:					
Taxes	8,836,555	-	-	-	8,836,555
Accounts	2,559,028	-	-	-	2,559,028
Grants	6,268,614	-	42,215,077	7,146,265	55,629,956
Notes	-	-	-	25,290,230	25,290,230
Other	364,531	-	-	-	364,531
Due from component units	2,021,253	5,475,000	-	-	7,496,253
Due from other funds	62,222,647	-	24,998,711	14,462,603	101,683,961
Restricted cash and cash equivalents	2,336,493	35,597,386	16,329,895	5,904,090	60,167,864
Other assets	2,536,155	46,837	2,012,003	67,466	4,662,461
<b>Total assets</b>	<b>\$ 168,254,341</b>	<b>\$ 41,183,424</b>	<b>\$ 97,152,526</b>	<b>\$ 69,696,148</b>	<b>\$ 376,286,439</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Vouchers and accounts payable	\$ 13,415,656	\$ 1,364,102	\$ 41,958,249	\$ 2,592,937	\$ 59,330,944
Payroll payable	12,140,143	-	-	-	12,140,143
Payable from restricted assets	138,487	-	-	-	138,487
Due to other funds	48,304,496	10,493,008	14,526,025	18,535,146	91,858,675
Unearned revenues	2,184,271	-	31,706,514	43,108,285	76,999,070
Other liabilities	19,109,121	-	8,961,738	2,072,433	30,143,292
<b>Total liabilities</b>	<b>95,292,174</b>	<b>11,857,110</b>	<b>97,152,526</b>	<b>66,308,801</b>	<b>270,610,611</b>
Deferred inflows of resources:					
Unavailable revenues, taxes	7,226,389	-	-	-	7,226,389
Fund balances:					
Nonspendable:					
Prepaid items	2,536,155	-	-	-	2,536,155
Restricted for:					
Highways and streets	-	-	-	343,777	343,777
Library	-	-	-	507,193	507,193
Community development	-	-	-	2,536,377	2,536,377
Title IV D program	1,173,475	-	-	-	1,173,475
Capital projects	-	29,266,520	-	-	29,266,520
Assigned to:					
Capital projects	-	59,794	-	-	59,794
Debt service costs	15,000,000	-	-	-	15,000,000
Employee healthcare costs	15,000,000	-	-	-	15,000,000
Unassigned	32,026,148	-	-	-	32,026,148
<b>Total fund balances</b>	<b>65,735,778</b>	<b>29,326,314</b>	<b>-</b>	<b>3,387,347</b>	<b>98,449,439</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 168,254,341</b>	<b>\$ 41,183,424</b>	<b>\$ 97,152,526</b>	<b>\$ 69,696,148</b>	<b>\$ 376,286,439</b>

*See notes to financial statements*

## **County of Delaware, Pennsylvania**

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position  
December 31, 2019

Amounts reported for governmental activities in the statement of net position  
(page 15 are different because:

Total fund balance - total governmental funds (page 17)	\$ 98,449,439
Capital assets, including investment in joint venture, used in governmental activities are not financial resources and, therefore, are not reported in the funds	354,775,189
Property taxes receivable will be collected in the future but are not available to pay for the current period's expenditures and, therefore, are not recognized as revenue on the governmental fund financial statements	7,226,389
Establishment of an allowance for doubtful accounts, net of additional penalty and interest receivable on the statement of net position	(238,369)
Long-term notes receivable will be collected in the future but are not available to pay for the current period's expenditures and, therefore, are not recognized as revenue on the governmental fund financial statements	5,650,723
Accrued interest payable included on the statement of net position	(1,026,642)
Long-term assets and liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(259,932,980)
Net other post-employment benefit liability	(443,411,109)
Net pension liability	(34,276,946)
Pension and other post-employment benefit liability related deferred outflow of resources and deferred inflow of resources are not due and payable in the current year and, therefore, are not reported in the funds:	
Deferred outflows related to the other post-employment benefit liability	42,308,434
Deferred outflows related to the net pension liability	57,310,538
Deferred inflows related to the other post-employment benefit liability	(93,987,700)
Deferred inflows related to the net pension liability	(18,140,551)
Accrued compensatory time included in other liabilities on the statement of net position	<u>(590,608)</u>
Net position of governmental activities (page 15)	<u>\$ (285,884,193)</u>

**County of Delaware, Pennsylvania**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2019

	General	Capital Projects	Health & Human Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Real estate taxes	\$ 171,788,448	\$ -	\$ -	\$ -	\$ 171,788,448
Gaming revenue	7,458,270	-	-	-	7,458,270
Licenses and permits	38,635	-	-	-	38,635
General grants	23,140,708	22,629	-	50,165,846	73,329,183
Charges for services, fines and forfeits	22,666,058	-	-	-	22,666,058
Investment earnings	1,765,532	755,184	-	-	2,520,716
Health and human service grants	-	-	293,825,912	-	293,825,912
Other	11,857,333	-	-	-	11,857,333
<b>Total revenues</b>	<b>238,714,984</b>	<b>777,813</b>	<b>293,825,912</b>	<b>50,165,846</b>	<b>583,484,555</b>
<b>Expenditures</b>					
Current:					
General government	25,210,816	-	-	-	25,210,816
Judicial	47,047,803	-	-	-	47,047,803
Corrections	70,581,008	-	-	-	70,581,008
Transportation	8,530,686	-	-	-	8,530,686
Health and human services	-	-	300,998,912	-	300,998,912
Highways, streets and bridges	-	-	-	4,689,012	4,689,012
Other	47,298,076	-	-	51,880,077	99,178,153
Debt service:					
Principal	17,401,244	-	-	-	17,401,244
Interest	7,078,248	120,372	-	-	7,198,620
Debt issuance costs	-	164,628	-	-	164,628
Capital outlay	-	14,716,093	-	-	14,716,093
<b>Total expenditures</b>	<b>223,147,881</b>	<b>15,001,093</b>	<b>300,998,912</b>	<b>56,569,089</b>	<b>595,716,975</b>
Excess (deficiency) of revenues over (under) expenditures	15,567,103	(14,223,280)	(7,173,000)	(6,403,243)	(12,232,420)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	-	22,710,000	-	-	22,710,000
Redemption of refunded bond	-	(22,425,000)	-	-	(22,425,000)
Transfers in	860,000	-	14,346,000	4,706,726	19,912,726
Transfers out	(16,647,433)	-	(7,173,000)	(860,000)	(24,680,433)
<b>Total other financing sources (uses)</b>	<b>(15,787,433)</b>	<b>285,000</b>	<b>7,173,000</b>	<b>3,846,726</b>	<b>(4,482,707)</b>
Net change in fund balances	(220,330)	(13,938,280)	-	(2,556,517)	(16,715,127)
<b>Fund Balance, Beginning</b>	<b>65,956,108</b>	<b>43,264,594</b>	<b>-</b>	<b>5,943,864</b>	<b>115,164,566</b>
<b>Fund Balance, Ending</b>	<b>\$ 65,735,778</b>	<b>\$ 29,326,314</b>	<b>\$ -</b>	<b>\$ 3,387,347</b>	<b>\$ 98,449,439</b>

**County of Delaware, Pennsylvania**

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities  
(page 16) are different because:

Net change in fund balances - total governmental funds (page 19)	\$ (16,715,127)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period

Purchase of capital assets	14,075,744
Loss on disposal of capital assets	(5,829)
Depreciation expense	<u>(10,624,772)</u>
	3,445,143

Governmental funds report the County's capital contribution to SEPTA as expenditures. However, in the statement of activities the cost is capitalized as an investment in a joint venture and recognizes the amortization of the investment over the estimated life

Net investment in joint venture	(5,166,430)
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Revenues related to real estate taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

	1,244,204
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Collections on long-term receivable due from the City of Chester is reported as revenue in the funds, while the collection reduces long-term receivables in the statement of net position

	(173,207)
--	-----------

Pension expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds and changes in related deferred amounts

	(8,639,077)
--	-------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended December 31, 2019, are as follows:

Issuance of long-term debt	(22,710,000)
Scheduled principal payments on long-term debt made in 2019	17,401,244
Refinance of note and series bond	22,425,000
Allocation of debt to business type activity for capital assets	1,338,355
Accretion of bond and note premiums	<u>1,596,126</u>
	20,050,725

Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in governmental funds. The net change in interest payable is recorded in the statement of activities.

	148,958
--	---------

Other post-employment benefit expense in the statement of activities that do not consume current financial resources are not reported as expenses in the funds

	(16,101,579)
--	--------------

An allowance for doubtful collections of real estate taxes receivable is reported on the statement of net position, net of additional penalty and interest on delinquent taxes

	(80,120)
--	----------

Compensatory time is reported in the statement of net position within other liabilities but does not require the use of current financial resources. Therefore, compensatory time is not reported as expenditures in governmental funds. The net change in compensatory time liability is recorded in the statement of activities.

	<u>(33,956)</u>
--	-----------------

Change in net position of governmental activities (page 16)	<u>\$ (22,020,466)</u>
---	------------------------

## County of Delaware, Pennsylvania

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual Comparison - General Fund

Year Ended December 31, 2019

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Real estate taxes	\$ 171,263,000	\$ 171,263,000	\$ 171,788,448	\$ 525,448
Gaming revenue	7,875,000	7,875,000	7,458,270	(416,730)
Licenses and permits	40,000	40,000	38,635	(1,365)
General grants	27,440,000	27,440,000	23,140,708	(4,299,292)
Charges for services, fines and forfeits	22,745,000	22,745,000	22,666,058	(78,942)
Investment earnings	1,380,000	1,380,000	1,765,532	385,532
Other	10,325,000	10,325,000	11,857,333	1,532,333
<b>Total revenues</b>	<b>241,068,000</b>	<b>241,068,000</b>	<b>238,714,984</b>	<b>(2,353,016)</b>
<b>Expenditures</b>				
Current:				
General government	29,395,000	29,470,000	25,210,816	4,259,184
Judicial	56,644,000	56,644,000	47,047,803	9,596,197
Corrections	75,614,000	75,614,000	70,581,008	5,032,992
Transportation	8,560,000	8,560,000	8,530,686	29,314
Other	55,818,000	51,231,035	47,298,076	3,932,959
Debt service:				
Principal	21,105,000	17,405,000	17,401,244	3,756
Interest	8,291,000	7,078,965	7,078,248	717
<b>Total debt service</b>	<b>29,396,000</b>	<b>24,483,965</b>	<b>24,479,492</b>	<b>4,473</b>
<b>Total expenditures</b>	<b>255,427,000</b>	<b>246,003,000</b>	<b>223,147,881</b>	<b>22,855,119</b>
Excess of revenues over (under) expenditures	(14,359,000)	(4,935,000)	15,567,103	20,502,103
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,811,000	2,861,000	860,000	(2,001,000)
Transfers out	(12,998,000)	(17,472,000)	(16,647,433)	824,567
<b>Total other financing uses, net</b>	<b>(5,187,000)</b>	<b>(14,611,000)</b>	<b>(15,787,433)</b>	<b>(1,176,433)</b>
Net change in fund balance	(19,546,000)	(19,546,000)	(220,330)	19,325,670
<b>Fund Balance, Beginning</b>	<b>60,524,260</b>	<b>60,524,260</b>	<b>65,956,108</b>	<b>5,431,848</b>
<b>Fund Balance, Ending</b>	<b>\$ 40,978,260</b>	<b>\$ 40,978,260</b>	<b>\$ 65,735,778</b>	<b>\$ 24,757,518</b>

*See notes to financial statements*

# County of Delaware, Pennsylvania

Statement of Net Position

Proprietary Funds

December 31, 2019

	<b>Business-Type Activity</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Geriatric Care</b>	
<b>Assets and Deferred Outflows</b>		
Current assets:		
Cash and cash equivalents	\$ 8,378,339	\$ 4,428,920
Accounts receivable, net	15,195,978	-
Due from other funds	-	1,141,043
Restricted cash and cash equivalents	889,764	-
Prepaid expense and other assets	2,840	3,408,932
	<hr/>	<hr/>
Total current assets	<hr/> <u>24,466,921</u>	<hr/> <u>8,978,895</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Buildings and improvements	8,132,180	-
Equipment	2,326,901	-
	<hr/>	<hr/>
Total noncurrent assets	<hr/> <u>10,459,081</u>	<hr/> <u>-</u>
<b>Deferred Outflows of Resources - Pension</b>		
Total assets and deferred outflow	<hr/> <u>\$ 64,449,613</u>	<hr/> <u>\$ 8,978,895</u>
<b>Liabilities</b>		
Current liabilities:		
Vouchers and accounts payable	\$ 5,304,674	\$ -
Due to other funds	7,053,430	3,912,899
Claims payable	-	2,912,730
General obligation bonds and notes, current	5,282,120	-
	<hr/>	<hr/>
Total current liabilities	<hr/> <u>17,640,224</u>	<hr/> <u>6,825,629</u>
Noncurrent liabilities:		
General obligation bonds and notes payable	17,376,913	-
Net pension liability	17,657,820	-
Claims payable	-	2,153,266
	<hr/>	<hr/>
Total noncurrent liabilities	<hr/> <u>35,034,733</u>	<hr/> <u>2,153,266</u>
Total liabilities	<hr/> <u>52,674,957</u>	<hr/> <u>8,978,895</u>
<b>Deferred Inflows of Resources - Pension</b>		
	<hr/> <u>9,345,132</u>	<hr/> <u>-</u>
<b>Net Position</b>		
Net investment in capital assets	(12,199,952)	-
Unrestricted	14,629,476	-
	<hr/>	<hr/>
Total net position	<hr/> <u>2,429,524</u>	<hr/> <u>-</u>
Total liabilities, deferred inflow and net position	<hr/> <u>\$ 64,449,613</u>	<hr/> <u>\$ 8,978,895</u>

# County of Delaware, Pennsylvania

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2019

	Business-Type Activity Geriatric Care	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>		
Charges for services	<u>\$ 66,709,125</u>	<u>\$ 51,502,618</u>
<b>Operating Expenses</b>		
Administration	12,401,337	33,503
Operation, maintenance and housekeeping	10,964,302	-
Nursing	20,915,639	-
Dietary	7,014,249	-
Medical and physical therapy	5,639,199	-
Employee benefits	17,402,606	-
Insurance claims	-	51,505,093
Depreciation	<u>1,580,090</u>	<u>-</u>
Total operating expenses	<u>75,917,422</u>	<u>51,538,596</u>
Operating income (loss)	<u>(9,208,297)</u>	<u>(35,978)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment earnings	140,854	35,978
Miscellaneous revenues	1,100,021	-
Interest expense	<u>(1,250,717)</u>	<u>-</u>
Total nonoperating revenues, net	<u>(9,842)</u>	<u>35,978</u>
<b>Transfers In</b>		
Change in net position	<u>(4,450,432)</u>	<u>-</u>
<b>Net Position, Beginning</b>	<u>6,879,956</u>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ 2,429,524</u></u>	<u><u>\$ -</u></u>

# County of Delaware, Pennsylvania

Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2019

	<b>Business-Type Activity</b> <b>Geriatric Care</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 71,674,380	\$ 50,531,692
Payments to suppliers	(31,308,252)	(51,817,776)
Payments to employees for services	<u>(34,617,815)</u>	-
Net cash provided by (used in) operating activities	<u>5,748,313</u>	<u>(1,286,084)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisitions of capital assets	(1,338,335)	-
Issuance of debt for purchase of capital assets	1,338,335	-
Principal paid on capital debt	(4,084,978)	-
Interest paid on capital debt	<u>(1,250,717)</u>	-
Net cash used in capital and related financing activities	<u>(5,335,695)</u>	-
<b>Cash Flows Provided by Investing Activities</b>		
Interest received	<u>140,854</u>	<u>35,978</u>
Net increase (decrease) in cash and cash equivalents	<u>553,472</u>	<u>(1,250,106)</u>
<b>Cash and Cash Equivalents, Beginning</b>	<u>7,824,867</u>	<u>5,679,026</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 8,378,339</u>	<u>\$ 4,428,920</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>		
Operating loss	\$ (9,208,297)	\$ (35,978)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,580,090	-
Nonoperating receipts from customers	1,100,021	-
Transfer in from General Fund	4,767,707	-
Decrease in accounts receivable	5,959,475	-
(Increase) decrease in prepaid expense and other assets	(333)	107,869
Increase in net pension liability and deferred outflows	4,450,432	-
Decrease in due to other funds	(890,780)	(970,926)
Increase in vouchers and accounts payable	84,239	-
Decrease in unearned revenue	(2,094,241)	-
Decrease in claims payable	<u>-</u>	<u>(387,049)</u>
Total adjustments	<u>14,956,610</u>	<u>(1,250,106)</u>
Net cash provided by (used in) operating activities	<u>\$ 5,748,313</u>	<u>\$ (1,286,084)</u>

*See notes to financial statements*

# County of Delaware, Pennsylvania

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Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2019

	Pension Trust Fund	Deshong Private- Purpose Trust Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 10,582,732	\$ 29,034
Due from other funds	-	-
Interest receivable	<u>1,576,114</u>	<u>-</u>
Investments:		
Common and preferred stocks and stock funds	308,053,401	-
Mutual funds	88,170,075	-
Corporate bonds	59,374,041	-
U.S. government securities	58,281,107	-
Municipal bonds	4,119,100	-
Asset-backed securities	1,108,436	-
Annuity contracts	3,756,389	-
Guaranteed investment contracts	27,902,326	-
Private equity fund	<u>227,500</u>	<u>-</u>
Total investments	<u>550,992,375</u>	<u>-</u>
Total assets	563,151,221	29,034
<b>Liabilities</b>		
Accounts payable and other liabilities	<u>362,783</u>	<u>769</u>
<b>Net Position</b>		
Net position restricted for pensions and other	<u>\$ 562,788,438</u>	<u>\$ 28,265</u>

# **County of Delaware, Pennsylvania**

## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

Year Ended December 31, 2019

	Pension Trust Fund	Deshong Private- Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Plan members	\$ 11,251,629	\$ -
County	<u>3,997,875</u>	<u>-</u>
Total contributions	<u>15,249,504</u>	<u>-</u>
Investment earnings:		
Interest and dividends	11,792,108	130
Net appreciation in fair value of investments	89,642,723	-
Less investment expense	<u>(1,782,376)</u>	<u>-</u>
Net investment income	<u>99,652,455</u>	<u>130</u>
Total additions, net	<u>114,901,959</u>	<u>130</u>
<b>Deductions</b>		
Death benefits	2,152,581	-
Refunds of contributions	1,993,290	-
Administrative expenses	-	12,100
Retirement allowance	<u>25,627,329</u>	<u>-</u>
Total deductions	<u>29,773,200</u>	<u>12,100</u>
Net decrease in net position	85,128,759	(11,970)
<b>Net Position, Restricted for Pensions and Other, Beginning</b>	<u>477,659,679</u>	<u>40,235</u>
<b>Net Position, Restricted for Pensions and Other, Ending</b>	<u>\$ 562,788,438</u>	<u>\$ 28,265</u>

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

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

The accounting methods and procedures adopted by the County of Delaware, Pennsylvania (the County), conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the County's financial statements.

### **Financial Reporting Entity**

The County was established under the laws of the Commonwealth of Pennsylvania in 1789 and operates under a Home Rule Charter form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units, discussed in Note 2, are included in the County's reporting entity as discretely presented component units. Component units are legally separate organizations with which the County has a significant operational or financial relationship.

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used, which are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities other than those financed by other funds.

The Health and Human Service Fund accounts for operations and administration of various County health and human service programs. Financing is provided by state and federal grants with an appropriation from the County General Fund.

The County reports two proprietary funds:

The Business-Type Activity Fund is maintained to account for the operations of the County's Geriatric Center, which is intended to be self-supporting. The nature of the County's Business-Type Activity Fund is such that the determination of net income on a periodic basis is an important consideration and, as such, all operating expenses, including depreciation, are recorded.

The Internal Service Fund is maintained to account for the operations of the County's Health, Casualty/Liability and Workers' Compensation Self-Insurance Programs.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

The County's Fiduciary Funds account for the Pension Trust Fund and the Deshong Trust Fund.

The Pension Trust Fund is maintained to account for assets held by the County in a trustee capacity for individuals currently or previously employed by the County. The County's Pension Trust Fund reports using the economic resources measurement focus. Pension 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.

The Deshong Trust Fund is maintained to account for the assets held by the County in a trustee capacity obtained through the distribution of the Deshong estate. The Deshong Trust Fund is a private purpose trust fund since the principal can be expended.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to patients for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

### **Budgetary Accounting Control**

In accordance with the County's Home Rule Charter and Administrative Code, the County prepares and adopts a budget at least ten days prior to December 31 for the subsequent calendar year. Expenditures cannot legally exceed budgeted appropriations at the fund level. Additionally, management may not revise the total budget amounts by fund level without the approval of County Council. Budgetary transfers and/or additional appropriations from additional revenues received or from unexpended funds appropriated, but not spent in prior years, must be approved by County Council. All appropriations lapse at the end of the year.

Budgets are prepared on a modified accrual basis and are adopted for the General Fund and the Liquid Fuels Nonmajor Special Revenue Fund.

### **Cash Equivalents**

For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash restricted for closure costs are not considered cash equivalents.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **Investments**

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. Investment purchases are recorded as of the trade date. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are generally reported at cost, which is not expected to be materially different from fair value. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of pension plan investments. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is calculated based on collection history and was \$146,317 at December 31, 2019.

### **Interfund Transactions**

As a result of its operations, the County affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2019, appropriate interfund receivables or payables have been established.

### **Restricted Assets**

Restricted assets represent resources deposited in financial institutions for liquidation of specific obligations.

### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

General infrastructure assets acquired prior to December 31, 2001, consist of bridges and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital outlay greater than \$5,000 are capitalized and depreciated when placed in service. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	100 years
Land improvements	20 years
Buildings and improvements	45 years
Equipment	5 - 20 years

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

### **Compensated Absences**

County employees are granted vacation and sick leave in varying amounts based on their length of employment. Vacation leave is earned by employees on a monthly basis each year. All vacation leave earned must be used by February 15, following the year earned. Sick leave is earned by employees on a monthly basis and may be accumulated up to a maximum of 180 days. In the event of termination, an employee is compensated for all earned and unused vacation leave. Employees are not compensated for earned and unused sick leave.

### **Compensatory Time**

County employees have the opportunity to accrue compensatory time in lieu of overtime based upon their employment contract. Upon separation of employment from the County, the employee is paid out the balance of compensatory time at the hourly rate of pay as of the date of separation.

### **Unearned Revenue**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue on the governmental fund financial statements.

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

A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets; however, the actual outflow of resources (net decrease in assets or net increase in liabilities) was incurred in a prior period, and the outflow of resources is applicable to a later period.

In the government-wide financial statements, the County reports the unamortized balance of differences in expected and actual experience and changes of assumptions related to the net other post-employment benefit liability and the net pension liability and the pension contributions made subsequent to the measurement date as deferred outflow of resources.

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position, similar to liabilities; however, the actual inflow of resources (net increase in assets or net decrease in liabilities) was incurred in a prior period, and the inflow of resources is applicable to a later period.

Under the modified accrual basis of accounting, governmental funds report unavailable revenues from property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available that qualifies for reporting in this category. In the government-wide financial statements, the County reports the differences between expected and actual experience and changes of assumptions related to the net other post employment benefit liability and net pension liability.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **Long-Term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond and note premiums and discounts are deferred and amortized over the life of the bonds and notes using the effective interest method.

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs as expense, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Balances**

Governmental fund balance classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The County reports the following classifications for governmental fund balances:

**Nonspendable Fund Balance** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity. Specifically included in this category are prepaid expenses.

**Restricted Fund Balance** - Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Specifically included in this category are amounts restricted for highways and streets, library, community development, the Title IV D program and capital projects.

**Committed Fund Balance** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by County Council by passing a resolution. Committed amounts cannot be used for any other purpose unless County Council removes those constraints by taking the same action. There are no fund balances meeting this category definition.

**Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by County Council or official to which County Council has delegated the authority to assign fund balances. County Council has delegated this authority to the Executive Director of the County as approved by the County fund balance policy. Specifically included in this category are amounts assigned for capital projects, debt service costs and increases in employee healthcare costs.

## **County of Delaware, Pennsylvania**

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### Notes to Financial Statements

December 31, 2019

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - Unassigned fund balance the remaining amount available for appropriation within the General Fund which has not been classified with in the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for those specific purposes.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

### **Net Position**

In the government-wide financial statements, net position is classified in the following categories.

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations or other governments, enabling legislation.

Unrestricted Net Position - This amount is all net position amounts that do not meet the definition of net investment in capital assets or restricted net position.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Adoption of New Accounting Standards**

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 enhance information included in notes to governmental financial statements relating to debt, including lines of credit, collateral for debt, terms of events of default with significant finance related consequences. The County adopted Statement No. 88 for its fiscal year 2019 financial statements. The County has expanded its long-term liabilities disclosure in accordance with GASB issued statement No. 88.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **2. Reporting Entity**

The County has determined that the Delaware County Solid Waste Authority (DCSWA), the Economic Development Oversight Board (EDOB), the Redevelopment Authority of the County of Delaware (RDA) and the Delaware County Chester Waterfront Industrial Development Authority (IDA) are separate legal entities for which the County has a significant operational or financial relationship and should be included in the County's financial statements as aggregate discretely presented component units.

### **Discretely Presented Component Units**

The Delaware County Solid Waste Authority, an entity legally separate from the County, is governed by a board appointed by County Council and County Council has the ability to impose its will on the DCSWA. Additionally, the DCSWA is financially dependent on the County. Its purpose is to provide waste disposal almost entirely for citizens of the County.

The Economic Development Oversight Board, an entity legally separate from the County, is governed by a board appointed by County Council. County Council has the ability to impose its will and is financially responsible for the EDOB. Its purpose is to encourage economic development in Delaware County by facilitating the retention of existing business, the formation of new business and the vitality of all business within the County of Delaware.

The Redevelopment Authority of the County of Delaware, an entity legally separate from the County, is governed by a board appointed by County Council. County Council has the ability to impose its will on the RDA. The RDA was created by the County for the delivery of services to County residents, pursuant to the Urban Redevelopment Law, Act of 1945. The RDA acts as the vehicle for condemnation and development within the County.

The Delaware County Chester Waterfront Industrial Development Authority, an entity legally separate from the County, is governed by a board whose voting majority is appointed by County Council. County Council has the ability to impose its will and is financially responsible for the IDA. The IDA is an industrial development authority incorporated in the Commonwealth of Pennsylvania on July 3, 2008. IDA was formed pursuant to the Economic Development Financing Law (73 P.S. Section 371) for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects and public facilities in certain geographic regions within the City of Chester.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

Complete financial statements for the individual component units can be obtained from their respective administrative offices as follows:

- Delaware County Solid Waste Authority  
Rose Tree Park Hunt Club  
1521 North Providence Road  
Media, Pennsylvania 19063
- Economic Development Oversight Board  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Delaware County Chester Waterfront  
Industrial Development Authority  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063
- Redevelopment Authority of the County of Delaware  
100 West 6<sup>th</sup> Street, Suite 100  
Media, Pennsylvania 19063

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

The following presents the condensed financial statements for each of the discretely presented component units.

**Condensed Statement of Net Position  
December 31, 2019**

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Totals
<b>Assets:</b>					
Current assets	\$ 10,216,538	\$ 1,055,097	\$ 65,068	\$ 4,078,873	\$ 15,415,576
Long-term assets	6,179,088	22	-	-	6,179,110
Capital assets, net	<u>27,019,889</u>	-	<u>20,425,951</u>	<u>1,024,199</u>	<u>48,470,039</u>
Total assets	43,415,515	1,055,119	24,491,019	5,103,072	70,064,725
Deferred outflows of resources	<u>113,039</u>	-	-	-	<u>113,039</u>
<b>Total</b>	<b><u>\$ 43,528,554</u></b>	<b><u>\$ 1,055,119</u></b>	<b><u>\$ 20,491,019</u></b>	<b><u>\$ 5,103,072</u></b>	<b><u>\$ 70,177,764</u></b>
<b>Liabilities:</b>					
Current liabilities	\$ 3,551,073	\$ 97,310	\$ -	\$ 180,489	\$ 3,828,872
Long-term liabilities	26,201,531	-	-	-	26,201,531
Due to primary government	<u>7,475,000</u>	-	-	<u>21,253</u>	<u>7,496,253</u>
Total liabilities	37,227,604	97,310	-	201,742	37,526,656
Deferred inflows of resources	<u>520,376</u>	-	-	-	<u>520,376</u>
<b>Net position:</b>					
Net investment in capital assets	19,647,889	-	20,425,951	-	40,073,840
Restricted	5,750,000	14,455	-	-	5,764,455
Unrestricted	<u>(19,617,315)</u>	<u>943,354</u>	<u>65,068</u>	<u>4,901,330</u>	<u>(13,707,563)</u>
Total net position	<b><u>5,780,574</u></b>	<b><u>957,809</u></b>	<b><u>20,491,019</u></b>	<b><u>4,901,330</u></b>	<b><u>32,130,732</u></b>
<b>Total</b>	<b><u>\$ 43,528,554</u></b>	<b><u>\$ 1,055,119</u></b>	<b><u>\$ 20,491,019</u></b>	<b><u>\$ 5,103,072</u></b>	<b><u>\$ 70,177,764</u></b>

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

## Condensed Statement of Activities For the Year Ended December 31, 2019

	Solid Waste Authority	Economic Development Oversight Board	Waterfront Industrial Development Authority	Redevelopment Authority	Totals
<b>Program revenues:</b>					
Charges for services	\$ 41,264,405	\$ 68,658	\$ -	\$ -	\$ 41,333,063
Operating grants and contributions	86,578	674,820	-	6,385,092	7,146,490
Total	<u>41,350,983</u>	<u>743,478</u>	<u>-</u>	<u>6,385,092</u>	<u>48,479,553</u>
<b>Expenses:</b>					
Operating expenses	<u>43,814,182</u>	<u>596,538</u>	<u>978,833</u>	<u>6,692,908</u>	<u>52,082,461</u>
Total	<u>43,814,182</u>	<u>596,538</u>	<u>978,833</u>	<u>6,692,908</u>	<u>52,082,461</u>
Net expense	(2,463,199)	146,940	(978,833)	(307,816)	(3,602,908)
General revenues (expense)	<u>(193,915)</u>	<u>(425,533)</u>	<u>1,886</u>	<u>31,825</u>	<u>(585,737)</u>
Change in net position	(2,657,114)	(278,593)	(976,947)	(275,991)	(4,188,645)
Net position, beginning	<u>8,437,688</u>	<u>1,236,402</u>	<u>21,467,966</u>	<u>5,177,321</u>	<u>36,319,377</u>
Net position, ending	<u>\$ 5,780,574</u>	<u>\$ 957,809</u>	<u>\$ 20,491,019</u>	<u>\$ 4,901,330</u>	<u>\$ 32,130,732</u>

## Related Organizations

The following organizations are considered to be related organizations of the County because of their relationship and mutual interest. Although the County appoints a voting majority of the organizations' governing boards in most instances, the County has determined that these organizations are not component units. These related organizations are as follows:

- Delaware County Housing Authority
- Delaware County Housing Development Corporation
- Delaware County Regional Water Quality Control Authority
- Delaware County Industrial Development Authority
- Community Transit of Delaware County, Inc.
- Community Action Agency of Delaware County
- Delaware County Authority
- Delaware Valley Regional Finance Authority (DVRFA)

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **3. Component Units - Summary of Significant Accounting Policies**

### **Solid Waste Authority**

#### **Basis of Accounting**

The measurement focus is on the flow of economic resources and the accrual basis of accounting, whereby, revenues are recognized when earned and expenses are recorded when incurred. Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

#### **Landfill Site/Depletion**

The estimated value of the landfill at acquisition and additional purchases for expanding capacity is being depleted over the projected life of the landfill. Depletion is charged annually against income in a manner consistent with the physical usage of the site based upon the site's estimated capacity. The estimated remaining landfill life is approximately ten years.

#### **Closure and Post Closure Costs**

Municipal landfill owners and operators are required to incur costs to provide for protection of the environment both during the period of the landfill operation and during the post closure period. These costs are estimated annually and current cost is adjusted for changes in landfill capacity, operating conditions and increases or decreases in estimated costs. Closure and post closure costs include equipment installed and facilities constructed near or after the date of acceptance of solid waste, cost of the final capping and the cost of monitoring and maintaining the area during the post closure period. The DCSWA has established an account to accumulate the anticipated cost of closure and post closure based on usage of the landfill. An amount is charged annually to operations to recognize the current cost and resultant liability based on landfill capacity used to date. The estimate of closure and post closure costs were determined taking into account capping, revegetation, maintenance, leachate treatment, water quality monitoring and gas control. In determining the closure and post closure costs, an inflation rate was utilized at the rate of 4.967 percent, plus administrative fees of 10 percent and a contingency charge of \$1,369,361 that would anticipate covering unexpected changes in technology, inflation or applicable laws and regulations.

Pursuant to the Municipal Waste Planning, Recycling, and Waste Reduction Act of the Commonwealth of Pennsylvania, Act No. 101 of July 28, 1988, P.L. 556, DCSWA is required to pay to a trust, on a quarterly basis, \$0.25 per ton of weighed waste to be used for remedial measures and emergency actions necessary to prevent or abate adverse effects on the environment subsequent to landfill closure. Any funds remaining in the trust subsequent to the final closure are divided between the host county and host municipality.

The DEP raised the bonding requirement to the amount of \$20,714,788. In 2014, the DCSWA obtained a surety bond amounting to \$20,390,083 to cover post closure costs. The surety bond requires that the DCSWA has deposited \$4,500,000 in an interest bearing escrow account held by the Surety Company and the DCSWA has obtained a letter of credit in the amount of \$2,500,000 to cover the remainder requirement. As a part of the letter of credit agreement the DCSWA is required to maintain \$1,250,000 as cash collateral. These amounts are reflected as restricted cash totaling \$5,750,000 on the statement of net position as of December 31, 2019.

Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$18,662,430 and \$601,667 was charged against income in 2019. The estimated closure and post closure costs total \$22,360,208, comprised of \$4,869,201 of closure costs and \$17,491,007 of post closure costs. At December 31, 2019, there remains \$5,391,367 in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

### **Inventory**

The DCSWA maintains an inventory of purchased goods used in construction and capping activities, which are stated at cost.

### **Restricted Net Position**

Restricted net position of the DCSWA represent funds set aside for use during the post-closure phase of the landfill's life.

### **Capital Assets**

Capital assets are recorded at historical cost. A full capital asset inventory was conducted in a prior period. Estimates were used as original cost for those items where actual cost records were unavailable. Assets not previously accounted for at that time were shown at their net transferable value with accumulated depreciation charged accordingly. For those assets considered by management to be obsolete, a change in accounting estimate was made to reflect proper depreciation amounts.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from two to thirty-seven years. Assets exclusively related to the landfill are depreciated over the lesser of their estimated useful life or the anticipated life of the landfill.

The DCSWA capitalizes assets in excess of \$2,000.

### **Covanta Delaware Valley, LP - Revenue and Expense**

As of May 15, 2017, the Authority signed an amended and restated service agreement with Covanta Delaware Valley, LP (Covanta). The County, through the DCSWA, is obligated to deliver County waste to the Covanta facility, and Covanta is required, in turn, to pay to the DCSWA landfill host community fees for process residue. Further, Covanta pays to the DCSWA disposal fees for noncounty waste. Unless otherwise agreed in writing, the DCSWA shall not deliver greater than 370,000 tons of acceptable waste, 37,000 tons in each billing period or 2,500 tons each day. Covanta has no obligation to accept any excess waste of the maximums noted. If Covanta accepts excess waste, then existing additional fees shall apply. For cash management purposes, the two parties have agreed that the party owing the net balance shall pay to the order of the other party the statement balance within 30 days. During 2019, the DCSWA paid to Covanta \$15,334,317, which included insurance costs, for its County waste deliveries. Covanta paid to the DCSWA \$7,230,919 in residue charges.

### **Concentrations**

The DCSWA derived 21 percent of its operating revenue from Covanta.

### **Waterfront Industrial Development Authority**

#### **Capital Assets**

Capital assets shown on these financial statements have been primarily financed by grants from both the County and the RDA. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **Lease and Development Agreement**

The IDA entered into a lease and development with F.C. Pennsylvania Stadium LLC, as tenant of the stadium property to acquire, construct, furnish and equip a new stadium with related improvements and amenities. Further, the tenant will occupy the stadium premises during the terms of the lease as the tenant's exclusive forum and location for playing and exhibition. The IDA retains legal ownership of and legal title to the stadium premises. However, during the term of the agreement, the tenant has legal and beneficial ownership of and legal title to leasehold interest in and to the stadium facility.

## **4. Deposits and Investments**

The County's investments are included primarily in the Pension Trust Fund and are invested in accordance with the appointed Employee's Retirement Board's (the Board) investment policy. The policy authorizes the County to invest in a diversified portfolio including domestic and international equities, fixed income securities, and cash and cash equivalents. The policy prohibits investments in letter stock or other unregistered securities, commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities), derivatives, options or futures.

In defining the objectives of the Retirement Fund, the Board has carefully reviewed its current and projected financial obligations as well as the risk and return relationships included in various asset allocation strategies. Based on these considerations, the Fund objectives are:

1. To invest assets of the Retirement Fund in a manner consistent with the fiduciary standards of Act 96, namely: (a) all transactions undertaken must be for the sole interest of Fund participants and their beneficiaries and to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
2. To provide for the funding and anticipated withdrawals on a continuing basis.
3. To conserve and enhance the capital value of the Retirement Fund in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.
4. To minimize principal fluctuations over the investment cycle (three to five years).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the policy of the Board.

Equity funds invested in common stock, preferred stocks and publicly traded real estate investment trusts shall be restricted to the high quality, readily marketable securities of corporations that are actively traded on a major exchange.

Not more than 5 percent of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2 percent of those outstanding. Not more than 25 percent of stock valued at market may be held in any one industry category. Other than these constraints, there are no qualitative guidelines suggested as to issues, industry or individual security diversification.

## **County of Delaware, Pennsylvania**

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### Notes to Financial Statements

December 31, 2019

In order to maintain an effective money management structure that is style neutral, the large capitalization growth equity portion of the investment portfolio shall not exceed the large capitalization value equity portion of the portfolio by more than a two-to-one ratio. Conversely, value shall not exceed growth by the same ratio. This same relationship should be followed for the portfolio's small capitalization equity money managers as well.

With regards to fixed income investments, all investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, federal agencies, and U.S. government-guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles.

### **Credit Risk**

Concentration of credit risk is the risk of loss attributed to magnitude of the County's investment in a single issuer. Fixed income securities of any one issuer shall not exceed 5 percent of the total bond portfolio at time of purchase. This does not apply to issues of the U.S. Treasury or other federal agencies.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The overall rating of the fixed income assets shall be at least "A," according to either Moody's or Standard & Poor's rating system. In cases where the yield spread adequately compensates for additional risk, Baa or BBB ratings can be purchased up to a maximum of 15 percent of total market value of fixed income securities. If the credit quality of any one issue should drop below Baa or BBB, the investment manager should notify the Board and the investment consultant immediately, detailing their plan of action regarding the security.

Active bond management is encouraged and may require transactions that will temporarily lower the return or change the maturity of the portfolio in anticipation of market changes. Holdings of individual securities should be liquid so as not to incur unnecessary transaction costs.

The following securities and transactions are not authorized and shall not be purchased: letter stock and other unregistered securities, commodities of commodity contracts, short sales, margin transactions, private placements (with exception of Rule 144A securities), derivatives, options of futures for the purpose of portfolio leveraging are also prohibited, issues of or by instrumentalities deemed to be in violation of the Prohibited Transactions Standards of Act 96. Neither real estate equity nor natural resource properties such as oil, gas, or timber may be held except by purchase of publicly traded securities, except for existing real estate holdings. The purchase of collectibles is also prohibited.

All securities shall be held by a custodian appointed by the Board for safekeeping. The custodian shall produce statements at least quarterly listing the name and value of all assets held and the dates and nature of all transactions. Assets of the Fund held as liquidity of investment reserves shall, at all times, be invested in interest-bearing accounts.

At December 31, 2019, cash and cash equivalents consists of cash on hand of \$15,797, deposits with financial institutions of \$184,605,524 and cash equivalents of \$9,450,932 held in uninsured investment funds. At December 31, 2019, the carrying amount of deposits with financial institutions and the bank balance was \$184,605,524 and \$202,559,763 respectively. The differences were caused primarily by items in transit.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

### **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971 (Act 72), as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At December 31, 2019, \$887,258 of the County's bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining balance of \$201,672,505 is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above. At December 31, 2019, the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the County's name	\$ 201,672,505
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Custodial credit risk is the risk that in the event of a failure of the counterparty (trustee) to a transaction, the County will not be able to recover the value of its investment. The Board does not have a formal policy for custodial credit risk. As of December 31, 2019, the County's total cash equivalents and investments held with investment fund institutions, excluding its investment in joint venture, of \$178,709,867 were exposed to custodial credit risk, since the investments were uninsured securities held by its custodian, but not in the County's name.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board's investment guidelines have no formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. The Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in the foreign exchange rates will adversely affect the fair value of an investment. The Board's policy allows 20 percent of the portfolio be invested in developed international markets. On December 31, 2019, the international equity fund represented approximately 17.9 percent of the total portfolio.

## County of Delaware, Pennsylvania

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Notes to Financial Statements

December 31, 2019

The following is the carrying value of deposits and investments at December 31, 2019:

	<b>S&amp;P Rating<sup>(1)</sup></b>	<b>Duration (Range)<sup>(1)</sup></b>	<b>Carrying Value</b>
Cash and cash equivalents	N/A	N/A	\$ 194,072,253
<b>Investments:</b>			
Common and preferred stocks and stock funds	N/A	N/A	308,053,401
Mutual funds	N/A	N/A	88,170,075
Corporate bonds			
A-	0.29-4.85	12,979,557	
AA-	0.30-2.03	4,257,734	
A	0.81-4.73	8,184,121	
BB+	0.99	161,184	
BBB+	0.33-4.89	12,519,367	
A+	0.29-4.03	6,284,840	
BBB	0.49-1.90	6,422,145	
AAA	0.30-3.21	1,127,351	
AA	0.79-2.58	1,433,796	
AA+	2.00-3.82	3,215,069	
BBB-	0.50-1.05	2,788,877	
U.S. government securities	AA+	0.01-14.41	57,967,143
	N/A	0.01-0.79	313,964
Municipal bonds	A+	1.17-1.75	312,476
	AA	0.55-6.10	2,230,058
	AA-	1.37-3.46	689,544
	AA+	0.42-4.46	332,709
	AAA	0.10-1.71	264,594
	N/A	0.96-1.76	289,719
Asset-backed securities	AAA	0.21-0.44	549,879
	A	0.21	88,409
	N/A	0.40	470,148
Annuity contracts	AA-	N/A	3,756,389
Guaranteed investment contracts	A+	29.00	27,902,326
Private equity fund	N/A	N/A	<u>227,500</u>
Total investments in pension trust fund			<u>550,992,375</u>
<b>Total</b>			<b>\$ 745,064,628</b>

(1) N/A - not applicable

# County of Delaware, Pennsylvania

## Notes to Financial Statements

December 31, 2019

### 5. Fair Value Measurements

The County's cash and cash equivalents and investments measured at fair value include the following assets from each major fund classification at December 31, 2019:

	<b>Cash and Cash Equivalents</b>	<b>Restricted Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Total</b>
Governmental activities	\$ 114,024,520	\$ 60,167,864	\$ -	\$ 174,192,384
Business-type activity	8,378,339	889,764	-	9,268,103
Pension Trust Fund	10,582,732	-	550,992,375	561,575,107
Deshong Private-Purpose Trust Fund	29,034	-	-	29,034
 Total cash and cash equivalent and investments	<u>\$ 133,014,625</u>	<u>\$ 61,057,628</u>	<u>\$ 550,992,375</u>	<u>\$ 745,064,628</u>

The County measures its cash and cash equivalents and investments on a recurring basis in accordance with the fair value hierarchy. The investments were measured with the following inputs at December 31, 2019:

	<b>Carrying Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 194,072,253	\$ 194,072,253	\$ -	\$ -	\$ 194,072,253
Common stock	308,053,401	308,053,401	-	-	308,053,401
Mutual funds	88,170,075	88,170,075	-	-	88,170,075
Fixed income securities:					
Corporate bonds	59,374,041	59,374,041	-	-	59,374,041
U.S. government securities	58,281,107	58,281,107	-	-	58,281,107
Municipal bonds	4,119,100	4,119,100	-	-	4,119,100
Asset backed securities	1,108,436	1,108,436	-	-	1,108,436
Annuity contract	3,756,389	-	-	3,756,389	3,756,389
Guaranteed investment contracts	27,902,326	-	-	27,902,326	27,902,326
 Total cash and investments at fair value	<u>744,837,128</u>	<u>\$ 713,178,413</u>	<u>\$ -</u>	<u>\$ 31,658,715</u>	<u>744,837,128</u>
 Investments valued at net asset value:					
Private equity fund	<u>227,500</u>				<u>227,500</u>
 Total cash and investments	<u><u>\$ 745,064,628</u></u>				<u><u>\$ 745,064,628</u></u>

Fair value is 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. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the reporting entity's own belief about the assumptions market participants would use in pricing the asset or liability based upon the best information available in the circumstances. Additionally, the inputs are prioritized based on a three-level hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 - valuations are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - valuations are based on quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

Level 3 - valuations are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of this financial instrument.

Common stock: Valued at fair value based upon quoted market prices.

Mutual funds: Valued at fair value based upon quoted market prices

Fixed income: Valued at fair value based upon quoted market prices, if available, or estimated using quoted market prices for similar securities.

Annuity contracts: Valued at contract value, which approximates fair value, based on the Prudential Insurance Company of America's (Prudential) ability to pay the guaranteed amounts in accordance with the terms of the contract. As of December 31, 2019, Prudential's credit ratings were as follows: A+ by A.M. Best Company, AA- by Fitch Ratings, A1 by Moody's Investors Service, and AA- by Standard & Poor's. Management believes the credit ratings of Prudential as of the measurement date uphold the firm's ability to meet obligations set forth in the contracts.

Guaranteed investment contracts: Valued at contract value, which approximates fair value, based on Nationwide Life Insurance Company's (Nationwide) ability to pay the guaranteed interest rate in accordance with the terms of the contract. As of December 31, 2019, Nationwide's credit ratings were as follows: A+ by A.M. Best Company, A1 by Moody's Investors Service, and A+ by Standard & Poor's. Management believes the credit ratings of Nationwide as of the measurement date uphold the firm's ability to meet obligations set forth in the contracts.

Private equity investment: The County's investment in a private equity investment is reported at net asset value (NAV) of the County's proportionate share of the total private equity investment fund. The estimated NAV per share is determined based on the fair value of the underlying assets held by the private equity investment fund. The County will receive distributions of its initial capital contribution and accumulated earnings on a periodic basis. The County cannot redeem or exit the private equity investment until the termination date of the fund. The termination date of the fund is the earlier of June 28, 2031, or the date on which all the fund's assets have been distributed. The unfunded portion of the County's funding commitment as of December 31, 2019, is \$4,772,500.

## **6. Component Units - Deposits, Investments and Fair Value**

### **Solid Waste Authority**

On December 31, 2019, the DCSWA held \$4,834,322 in unrestricted cash and cash equivalents.

Custodial credit risk is the risk that in the event of a bank failure, the DCSWA's deposits may not be returned to it. The DCSWA's policy is to place deposits only in FDIC insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Commonwealth of Pennsylvania Public Law 72 of 1971, which allows depositories to satisfy collateralization requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance.

Total restricted cash at December 31, 2019 related to the cash collateral of the surety bond was \$5,750,000. Per terms of the surety bond, the collateral deposit is protected from custodial credit risk.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

Financial instruments that potentially subject the DCSWA to concentrations of credit risk consist principally of cash and accounts receivables. The DCSWA maintains cash in bank accounts which, at times, may exceed the FDIC insurance coverage of \$250,000. The DCSWA primarily maintains deposits either with financial institutions which, pursuant to Act No. 72 of Pennsylvania, pool assets required to be pledged to secure public deposits, the total value of the pool to equal not less than the sum of all the pledges required for each separate deposit, or in the amounts insured by the FDIC. Deposits for all funds are either fully insured or collateralized pursuant with the Commonwealth of Pennsylvania statutes. For investment securities, custodial risk is the risk that, in the event of the failure of the counterparty, the DCSWA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

At December 31, 2019, the DCSWA's investments consist solely of certificates of deposit totaling \$10,500, which were all deemed to be Level 1 investments. The certificates of deposits were values based on the stated value of the certificates plus accrued interest, which was calculated based on stated interest rates and dates of maturity.

The DCSWA's investments in certificates of deposit were not expected to credit risk since they are all held by the custodian and are registered in the name of DCSWA.

### **Economic Development Oversight Board**

On December 31, 2019, the total carrying amount of EDOB's cash and cash equivalents were \$725,845, and the corresponding bank balances were \$733,182.

Custodial credit risk is the risk that in the event of a bank failure, the EDOB's deposits may not be returned to it. The EDOB's policy is to place deposits only in FDIC insured institutions. Deposits in excess of the FDIC limit are collateralized pursuant to Commonwealth of Pennsylvania Public Law 72 of 1971, which allows depositories to satisfy collateralization requirements by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. In the normal course of business, EDOB may have deposits that exceed insured balances.

### **Chester Waterfront Industrial Development Authority**

On December 31, 2019, the IDA held \$65,068 in cash and cash equivalents and a corresponding bank balance of \$65,068.

Custodial credit risk is the risk that in the event of a bank failure, the IDA's deposits may not be returned to it. The IDA does not have a written policy for custodial credit risk. The bank balances are covered by federal depository insurance.

### **Redevelopment Authority**

On December 31, 2019, the total carrying amount of RDA's cash and cash equivalents were \$4,040,470 and the corresponding bank balances were \$4,040,971.

Custodial credit risk is the risk that in the event of a bank failure, the RDA's deposits may not be returned to it. The RDA does not have a policy for custodial credit risk. In the normal course of business, the RDA may have deposits that exceed insured balances.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **7. Property Taxes**

### **Real Estate Property Taxes**

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are levied on February 1, payable on the following terms: 2 percent discount February 1 through April 1; face amount April 2 through June 1; and 10 percent penalty after June 2. The County bills and collects its own property taxes. Revenues are recognized in the period in which they become susceptible to accrual, which is when they become both measurable and available. Real estate taxes receivable are recorded net of an allowance for uncollectibles totaling \$238,369 as of December 31, 2019, on the statement of net position.

The County is permitted by law to levy taxes of an unlimited rate of mills on every dollar of assessed value of real property for general governmental services. At December 31, 2019, the millage rate was 5.461 mills on each dollar of assessed valuation, or \$5.461 on each one thousand dollars of assessed valuation.

## **8. Other Receivables**

Other receivables of \$6,015,254 in the governmental activities consist of amounts due from the City of Chester of \$5,650,723 (Note 27) and various other receivables of \$364,531.

## **9. Accounts and Grants Receivable, Net**

Business-type activity net accounts receivable of \$15,195,978 consists of amounts due from the Commonwealth of Pennsylvania Department of Human Service Medical Assistance of \$8,860,212; Private Pay Patients of \$6,420,852; Medicare Part A and B of \$1,301,703 and other patient-related receivables of \$372,469. The accounts receivable allowance for uncollectibles is calculated based on historical data and currently known facts and was \$1,759,258 at December 31, 2019.

Governmental activities net accounts receivable of \$2,559,028 consists of amounts due from the Commonwealth of Pennsylvania and Harrah's Chester for gaming revenue of \$1,448,329 and various miscellaneous receivables of \$1,110,699.

Governmental activities net grants receivable of \$55,629,956 consists of amounts due from Federal agencies and the Commonwealth of Pennsylvania.

## **10. Component Units - Accounts Receivable, Net**

The DCSWA manages the County owned transfer stations and is responsible for the receipt and transfer of solid waste materials as provided by commercial or private haulers. Beginning in January 1995, it was determined by agreement between the DCSWA and the County that the fees and permits collected from commercial or private haulers would remain with the DCSWA and represent income. Fees that were due relative to the receipt of solid waste at December 31, 2019 are represented by receivables in the amount of \$2,750,864, net of an allowance for doubtful accounts of \$127,407. Commercial and private haulers that deposit waste at the landfill are charged hauling fees that are reflected in the DCSWA's income. Receivables representing hauler fees at December 31, 2019 totaled \$1,301,939, net of an allowance for doubtful accounts of \$109,525.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **11. Restricted Assets**

Assets whose use is limited to a specific purpose have been classified as "restricted" cash and cash equivalents in the statement of net position. As of December 31, 2019, restricted cash and cash equivalents are held for the following:

#### Primary government:

District Attorney Escrow Funds representing monies confiscated from arrested individuals, which ultimately will be distributed based upon court order. (The aggregate amount has been classified as other restricted assets on the General Fund balance sheet)	\$ 261,693
Marcellus Shale Funds are restricted pursuant to PA Act 13, for replacement or repair of locally owned at-risk deteriorated bridges and the planning acquisition, development rehabilitation and repair of greenways, recreational trails, open space, natural areas, community conservation and beautification projects, community and heritage parks and water resources management	5,904,090
Workers' Compensation Escrow Funds are to be utilized for payment of major workers' compensation claims	2,074,800
Emergency Communications Escrow Funds to be utilized for payment of maintenance agreements related to 911 global positioning system equipment in the capital project fund	1,390
Capital Project Funds to be utilized for various capital improvement projects as defined in the corresponding note agreements	35,577,599
Capital Project Funds to be utilized for Help America Vote Act Program	18,397
Health and Human Service Funds to be utilized for Health Choices reinvestment plans	8,074,015
Health and Human Service Funds to be utilized for Health Choices risk and contingency payments associated with in-plan services or to be utilized for future reinvestments.	8,255,880
Residents' Accounts are to be utilized by the residents; Residents Special Aid and Entertainment Escrow Funds are to be utilized for entertainment of the Geriatric Center's residents and are distributed by a resident's council; both are classified as other restricted assets on the proprietary funds statement of net position	889,764
 Total primary government	 <u>61,057,628</u>
Component units:	
Delaware County Solid Waste Authority deposited funds with an escrow agent as collateral deposit for surety bond	6,168,588
Delaware County Economic Development Oversight Board maintains restricted cash related to Community Development Block Grant revolving loan fund requirements	22
Delaware County Redevelopment Authority deposited funds with an escrow agent	18,832
 Total component unit	 <u>6,187,442</u>
Total	\$ 67,245,070

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

## 12. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2019	Additions	Reclassifications/ Disposals	December 31, 2019
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,176,214	\$ -	\$ -	\$ 6,176,214
Construction in progress	<u>4,496,907</u>	<u>3,548,815</u>	<u>(2,957,977)</u>	<u>5,087,745</u>
Total capital assets not being depreciated	<u>10,673,121</u>	<u>3,548,815</u>	<u>(2,957,977)</u>	<u>11,263,959</u>
Capital assets being depreciated:				
Land improvements	22,575,700	-	-	22,575,700
Buildings and improvements	230,232,849	4,057,424	2,957,977	237,248,250
Equipment	112,272,555	6,469,505	(350,523)	118,391,537
Infrastructure	<u>24,336,925</u>	<u>-</u>	<u>-</u>	<u>24,336,925</u>
Total capital assets being depreciated	<u>389,418,029</u>	<u>10,526,929</u>	<u>2,607,454</u>	<u>402,552,412</u>
Less accumulated depreciation for:				
Land improvements	13,440,054	790,061	-	14,230,115
Buildings and improvements	122,911,333	4,723,067	-	127,634,400
Equipment	86,221,008	4,867,882	(344,694)	90,744,196
Infrastructure	<u>4,898,576</u>	<u>243,762</u>	<u>-</u>	<u>5,142,338</u>
Total accumulated depreciation	<u>227,470,971</u>	<u>10,624,772</u>	<u>(344,694)</u>	<u>237,751,049</u>
Total capital assets being depreciated, net	<u>161,947,058</u>	<u>(97,843)</u>	<u>2,952,148</u>	<u>164,801,363</u>
Governmental activities, capital assets, net	<u>\$ 172,620,179</u>	<u>\$ 3,450,972</u>	<u>\$ (5,829)</u>	<u>\$ 176,065,322</u>

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

	January 1, 2019	Additions	Reclassifications /Disposals	December 31, 2019
Business-type activity, Geriatric Center:				
Capital assets being depreciated:				
Buildings and improvements	\$ 54,712,758	\$ 567,926	\$ -	\$ 55,280,684
Equipment	41,316,384	770,429	-	42,086,813
Total capital assets being depreciated	96,029,142	1,338,355	-	97,367,497
Less accumulated depreciation for:				
Buildings and improvements	46,502,787	645,717	-	47,148,504
Equipment	38,825,539	934,373	-	39,759,912
Total accumulated depreciation	85,328,326	1,580,090	-	86,908,416
Total capital assets being depreciated, net	10,700,816	(241,735)	-	10,459,081
Business-type activity, capital assets, net	\$ 10,700,816	\$ (241,735)	\$ -	\$ 10,459,081

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,909,013
Corrections	2,234,138
Public ways and facilities, including depreciation of general infrastructure assets	243,762
Health and human service	207,552
Recreation	974,321
Other	55,986
<b>Total</b>	<b>\$ 10,624,772</b>

The following is a summary of capital assets by source:

December 31, 1983 and prior	\$ 63,888,593
General obligation bonds	285,372,950
General Fund	19,498,306
State grants	19,082,083
Restricted 911 special revenue	25,974,439
<b>Total</b>	<b>\$ 413,816,371</b>

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

## 13. Component Units - Capital Assets

The capital asset activity for the DCSWA for the year ended December 31, 2019 was as follows:

	<b>January 1, 2019</b>	<b>Additions</b>	<b>Reclassifications/ Disposals</b>	<b>December 31, 2019</b>
Capital assets not being depreciated:				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Capital assets being depreciated or depleted:				
Landfill	51,135,989	-	-	51,135,989
Machinery and equipment	12,018,943	652,169	(1,851,144)	10,819,968
Buildings and structures	14,035,685	1,226,280	-	15,261,965
Pad construction	75,027,666	-	-	75,027,666
Total capital assets being depreciated	152,218,283	1,878,449	(1,851,144)	152,245,588
Less accumulated depreciation and depletion for:				
Landfill	49,013,867	339,984	-	49,353,851
Machinery and equipment	8,781,038	681,392	(1,803,266)	7,659,164
Buildings and structures	12,501,576	480,494	-	12,982,070
Pad construction	58,762,882	3,467,732	-	62,230,614
Total accumulated depreciation and depletion	129,059,363	4,969,602	(1,803,266)	132,225,699
Total capital assets being depreciated or depleted, net	23,158,920	(3,091,153)	(47,878)	20,019,889
Capital assets, net	\$ 30,158,920	\$ (3,091,153)	\$ (47,878)	\$ 27,019,889

The capital asset activity for the IDA for the year ended December 31, 2019 was as follows:

	<b>January 1, 2019</b>	<b>Additions</b>	<b>Reclassifications/ Disposals</b>	<b>December 31, 2019</b>
Capital assets not being depreciated:				
Land	\$ 849,286	\$ -	\$ -	\$ 849,286
Capital assets being depreciated:				
Property	29,365,000	-	-	29,365,000
Less accumulated depreciation for:				
Property	8,809,502	978,833	-	9,788,335
Total capital assets being depreciated, net	20,555,498	978,833	-	19,576,665
Capital assets, net	\$ 21,404,784	\$ (978,833)	\$ -	\$ 20,425,951

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **14. Investment in Joint Venture**

Southeastern Pennsylvania Transportation Authority (SEPTA) runs a multi-modal system of vehicles and route services in Delaware County along with other areas such as Chester, Montgomery, Philadelphia and selected areas in New Jersey and Delaware. SEPTA has five participants - Delaware, Chester, Bucks, Montgomery and Philadelphia Counties, each of which appoints two members to the Governing Board. Four members are appointed by the Pennsylvania State House and Senate. The fifteenth member is appointed by the Governor's office. Delaware County has an ongoing financial responsibility as it is obligated for the Transportation Bonds of SEPTA and the continued existence of SEPTA depends on continued funding by the County and the other four participants.

Under state law, the County is required to subsidize SEPTA's operating and capital budget annually. During 2019, the County's operating budget contribution was \$8,530,686 and capital additions were \$1,693,700. As the investment in the joint venture is primarily related to capital purchases with estimable useful lives, typically of 15 to 30 years, the County determined the investment in the joint venture to have an estimated life of 30 years. Current year amortization of the investment was \$6,860,130. Included on the statement of net position is an investment in a joint venture totaling \$178,709,867 at December 31, 2019.

Complete financial statements for SEPTA can be obtained from the administrative offices of SEPTA or at [septa.org/strategic-plan/reports.html](http://septa.org/strategic-plan/reports.html).

## **15. Long-Term Liabilities**

### **Primary Government**

The following is a summary of changes in noncurrent liabilities of the County excluding other post-employment benefit (Note 22) and pension (Note 23) liabilities for the year ended December 31, 2019:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Liability for general obligation debt	\$ 279,983,705	\$ 22,710,000	\$ (42,760,725)	\$ 259,932,980	\$ 17,459,880
Liability for claims payable	<u>5,453,046</u>	<u>51,505,095</u>	<u>(51,892,145)</u>	<u>5,065,996</u>	<u>2,912,730</u>
<b>Governmental activity:</b>					
Long-term liabilities	<u>\$ 285,436,751</u>	<u>\$ 74,215,095</u>	<u>\$ (94,652,870)</u>	<u>\$ 264,998,976</u>	<u>\$ 20,372,610</u>
<b>Business-type activity:</b>					
Liability for general obligation debt	<u>\$ 25,405,656</u>	<u>\$ 1,338,355</u>	<u>\$ (4,084,978)</u>	<u>\$ 22,659,033</u>	<u>\$ 5,282,120</u>

The long-term liabilities are generally liquidated by the fund to which they relate. The significant funds to which they relate are the General, Health and Human Services and Geriatric Care Fund.

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

## Component Unit

The following is a summary of changes in noncurrent liabilities of the DCSWA for the year ended December 31, 2019:

	<b>Beginning Balance</b>		<b>Additions</b>		<b>Reductions</b>		<b>Ending Balance</b>		<b>Due Within One Year</b>
Liability for revenue notes payable	\$ 7,890,000		\$ -		\$ (518,000)		\$ 7,372,000		\$ 534,000
Liability for accrued closure costs	<u>18,060,763</u>		<u>601,667</u>		<u>-</u>		<u>18,662,430</u>		<u>-</u>
Long-term liabilities	<u>\$ 25,950,763</u>		<u>\$ 601,667</u>		<u>\$ (518,000)</u>		<u>\$ 26,034,340</u>		<u>\$ 534,000</u>

## 16. General Obligation Debt

The following are summaries of changes in general obligation debt, by type, for the year ended December 31, 2019:

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Outstanding at beginning of the year	\$ 279,983,705	\$ 25,405,656	\$ 305,389,361
Refinancing of note and series bond	(22,425,000)	-	(22,425,000)
Issuance of debt	22,710,000	-	22,710,000
Allocation of debt for capital assets	(1,338,355)	1,338,355	-
Accretion of bond premiums	(1,596,126)	(381,223)	(1,977,349)
Retirements and repayments	<u>(17,401,244)</u>	<u>(3,703,755)</u>	<u>(21,104,999)</u>
Outstanding at end of year	<u>\$ 259,932,980</u>	<u>\$ 22,659,033</u>	<u>\$ 282,592,013</u>

Total balance includes the premiums of \$2,388,013. Actual debt outstanding was \$280,204,000 at December 31, 2019.

The outstanding balance at December 31, 2019 related to governmental activities of \$259,932,980 includes \$6,426,382 of debt used to fund the capital assets of SEPTA. The following summarizes general obligation debt, by type, outstanding at December 31, 2019:

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Serial bonds and notes	\$ 259,932,980	\$ 22,659,033	\$ 282,592,013

## County of Delaware, Pennsylvania

### Notes to Financial Statements

December 31, 2019

A summary of general obligation debt outstanding at December 31, 2019 is as follows:

<b>Year of Issue/ Final Maturity</b>	<b>Amount of Original Issue</b>	<b>Purpose</b>	<b>Outstanding at December 31, 2019</b>	<b>Current Portion</b>
1997/2022	\$ 50,000,000	Fund SEPTA projects, building and park improvements, construction of a prison and various other County projects	\$ 7,686,000	\$ 724,000
2002/2022	61,524,000	Refinance the 1999 notes used to fund SEPTA projects and various other County projects	12,220,000	3,085,000
2007/2027	26,720,000	Refinance the 2004 Note and to refinance a portion of the 2002 Note	14,270,000	40,000
2010/2028	45,180,000	Refund the 2008 General Obligation Note and for various other capital projects at the County	45,140,000	4,584,000
2012/2032	20,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	19,993,000	1,000
2013/2033	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,994,000	885,000
2014/2025	45,166,000	Partially refund the 1997 and 2002 notes payable to level debt service payments	45,156,000	2,000
2015/2035	25,000,000	Fund SEPTA projects, construction and renovations of County buildings and various other County projects	24,996,000	1,000
2016/2021	49,420,000	Refund the 2005 bond to reduce total debt service	23,040,000	12,495,000
2018/2038	40,000,000	Fund construction and renovations of County buildings, equipment, SEPTA and open space projects	39,999,000	1,000
2019/2039	22,710,000	Refund the 2009 bond that provided funds in the form of a grant to the Delaware County Chester Waterfront Industrial Development Authority, which were used to acquire, construct and equip a soccer stadium	22,710,000	924,000
Total			<u>\$ 280,204,000</u>	<u>\$ 22,742,000</u>

Interest rates on the above obligations are fixed and variable. Fixed interest rates range 1.39 percent to 5.00 percent. Variable interest rates are limited to a maximum potential variable rate of 15.00 percent.

In August 2019, the County issued a \$22,710,000 general obligation note through Delaware Valley Regional Finance Authority (DVRFA) with an interest rate of 2.13 percent. The net proceeds of \$22,425,000 (after payment of \$285,000 in origination costs, fees, and accumulated interest on refunded debt) were issued to refund the 2009 general obligation bonds note with a variable rate of between 4.00 and 5.13 percent. The County completed the refunding to reduce the total debt service payments over a period of 20 years by \$7,459,375 and to obtain an economic gain (difference between the present value of the old and new debt service payments of \$5,989,525).

# **County of Delaware, Pennsylvania**

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## **Notes to Financial Statements**

December 31, 2019

There are a number of limitations and restrictions contained in the various general obligation debt agreements. In the event of any default, the debt holder may declare all repayments to be immediately due and payable; however, upon such declaration the County shall have a period of one hundred eighty days after the date of such declaration to make all repayments and pursue any and all remedies with the debt holder.

Amounts due from governmental funds are expected to be repaid from the General Fund. A summary of principal and interest maturities on general obligation serial bonds and notes outstanding at December 31, 2019, is presented below:

	<b>Principal Maturity</b>	<b>Interest Maturity <sup>(1)</sup></b>	<b>Total Principal and Interest Maturities</b>
<b>Years:</b>			
2020	\$ 22,742,000	\$ 6,334,262	\$ 29,076,262
2021	23,622,000	5,461,511	29,083,511
2022	24,383,000	4,692,520	29,075,520
2023	24,828,000	4,244,845	29,072,845
2024	25,285,000	3,787,598	29,072,598
2025-2029	85,446,000	13,271,537	98,717,537
2030-2034	50,389,000	6,490,234	56,879,234
2035-2039	23,509,000	1,488,335	24,997,335
 <b>Total</b>	 <b>\$ 280,204,000</b>	 <b>\$ 45,770,842</b>	 <b>\$ 325,974,842</b>

<sup>(1)</sup> Includes interest at year-end rates for variable rate notes. Interest on the variable rate notes is paid and adjusted monthly based on certain factors. Actual interest expense on all long-term debt totaled \$8,449,337 for the year ended December 31, 2019.

DVRFA was formed for the purpose of establishing a pooled loan program for the benefit of local governmental units in the Delaware Valley region. The County has entered into general obligation notes with DVRFA of which \$257,164,000 is outstanding at December 31, 2019.

DVRFA has entered into interest rate swap agreements with third party financial institution counterparties related to the bonds DVRFA issued, the proceeds of which fund the pooled loan program. If the swap agreements were terminated, DVRFA would receive or be obligated to pay the market value of the swap agreements at the termination date. If DVRFA were obligated to make a payment and sufficient funds were not available, each borrower would be assessed its allocable share of the termination payment. Borrowers are not entitled to any payments DVRFA would receive from a counterparty as a result of a termination. A related interest rate swap agreement may be terminated under the following circumstances: 1) DVRFA and the counterparty mutually consent to the termination, 2) the borrower defaults on its loan, or 3) DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent. DVRFA would seek to replace the terminated underlying swap agreement with a new agreement with similar terms and conditions upon termination.

DVRFA enters into interest rate swap agreements to provide fixed interest rates to borrowers. The agreement would normally only be terminated if the borrower requested it, including prepayment of the outstanding note, or if the borrower defaulted on its loan. The borrower would be responsible for any termination payment. The borrower is not entitled to receive any payments DVRFA would receive from the counterparty as a result of a termination.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

As of December 31, 2019, the market value of interest rate swap agreements related to outstanding general obligation notes outstanding are as follows:

<b>General Obligation Note Year of Issue</b>	<b>Balance Outstanding</b>	<b>Market Value of Related Allocable Interest Rate Swap</b>	<b>Market Value of Related Fixed Rate Loan Swap</b>
1997	\$ 7,686,000	\$ 1,118,499	\$ 21,565
2002	12,220,000	1,778,306	28,134
2007	14,270,000	2,076,630	(100)
2010	45,140,000	6,568,962	(132,537)
2012	19,993,000	2,909,465	163,911
2013	24,994,000	3,637,232	285,088
2014	45,156,000	6,571,291	(785,774)
2015	24,996,000	3,637,523	(654,285)
2018	39,999,000	5,820,822	(4,077,194)
2019	22,710,000	3,304,854	(217,890)

## **17. Component Unit - Notes Payable**

### **Revenue Notes Payable**

On March 25, 2009, the DCSWA authorized the issuance of Guaranteed Revenue Notes, 2009 Series (the Notes) totaling \$7,200,000. The 2009 Notes were used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rolling Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of the 2009 Notes. The 2009 Notes were issued over a two year period.

On March 25, 2009, the DVRFA issued on behalf of the DCSWA, Guaranteed Revenue Notes, 2009 A Series (the 2009 A Notes) in the amount of \$2,400,000, 2009 B Series (the 2009 B Notes) in the amount of \$2,400,000, and 2009 C Series (the 2009 C Notes) in the amount of \$2,400,000. Principal is payable annually on March 25 and interest is payable monthly at a rate of 3.38 percent for Series A, 3.23 percent for Series B and 3.39 percent for Series C as per the Notice of Fixed Rate Conversion.

On March 26, 2012, the DCSWA authorized the issuance of Guaranteed Revenue Notes, 2012 Series (the 2012 Notes) totaling \$4,000,000. The 2012 Notes were used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rollings Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of the Notes. Principal is payable annually on June 25 beginning June 25, 2013. Interest is payable monthly at a rate of 2.485 percent as per the Notice of Fixed Rate Conversion.

## **County of Delaware, Pennsylvania**

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### Notes to Financial Statements

December 31, 2019

The County has guaranteed the 2009 and 2012 loan agreements listed above between the DCSWA (component unit) and DVRFA in accordance with the laws of Commonwealth of Pennsylvania. In the event that the DCSWA is unable to make payment, the County will be required to make payment. The guarantees are for the term and amount of the debt disclosed below. There are no arrangements for recovery of payments.

The aggregate annual principal and interest payments for each of the following years ending December 31 are as follows:

Years ending:	<b>Principal</b>	<b>Interest</b>
2020	\$ 534,000	\$ 213,154
2021	551,000	196,632
2022	568,000	179,586
2023	585,000	161,991
2024	603,000	143,864
2025-2032	4,531,000	472,339
Total	\$ 7,372,000	\$ 1,367,566

For the year ended December 31, 2019, interest expense amounted to \$228,415.

### **18. Other Liabilities**

Other liabilities represent accrued expense and other obligations with third parties payable expected to be settled and paid within one year. On the statement of net position, governmental activities other liabilities of \$43,012,530 consists of \$12,730,751 of accrued payroll expenses, \$10,497,083 of accrued expense payable to vendors, \$7,459,784 of internal governmental transfer balance payable on behalf of Fair Acres, \$7,319,523 of refundable deposits held by the Sheriff's Office, Office of Judicial Support, and Recorder of Deeds, \$1,685,728 of fund to be refunded or escheated, and \$3,319,661 of Sheriff's sale proceeds payable to creditors.

### **19. Interfund Receivables and Payables**

Interfund receivable and payable balances as of December 31, 2019, are as follows:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 62,222,647	\$ 48,304,496
Capital Projects Fund	-	10,493,008
Health and Human Service Fund	24,998,711	14,526,025
Other Governmental Funds	14,462,603	18,535,146
Proprietary Fund	-	7,053,430
Internal Service Funds	1,141,043	3,912,899
Total	\$ 102,825,004	\$ 102,825,004

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

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

### **20. Amounts Due To/From Component Units**

The following is a summary of amounts due to/from component unit (the DCSWA) at December 31, 2018, activity for 2019, and amounts due at December 31, 2019:

	General Fund	Capital Projects Fund	Total
Balance, December 31, 2018	\$ 2,004,419	\$ 5,475,000	\$ 7,479,419
Additions	16,834	-	16,834
Repayments	-	-	-
 Balance, December 31, 2019	 <u>\$ 2,021,253</u>	 <u>\$ 5,475,000</u>	 <u>\$ 7,496,253</u>

The County has made advances to the DCSWA from time to time for operations and or capital purchases and improvements. The amount due from the DCSWA to the County's Capital Project fund of \$5,475,000 reflects a pledged investment, which is not expected to be liquidated within the current operating cycle.

### **21. Interfund Transfers**

Interfund transfers for the year ended December 31, 2019, are as follows:

	Transfers In	Transfers Out
General Fund	\$ 860,000	\$ 16,647,433
Health and Human Service Fund	14,346,000	7,173,000
Proprietary Fund	4,767,707	-
Other Governmental Funds	4,706,726	860,000
 Total	 <u>\$ 24,680,433</u>	 <u>\$ 24,680,433</u>

Transfers from the General Fund to the Health and Human Service Fund and the other governmental funds are unrestricted revenue collected in the General Fund used for the County's match for various grant agreements. Transfers from the General Fund to the Proprietary Fund are unrestricted revenues collected in the General Fund used to subsidize operating shortfalls in the proprietary fund. Transfers from the Health and Human Services Funds represent the transfer of funds from the human services administrative fund, which handles centralized costs that are allocated, to the other health and human services funds.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

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

#### **Plan Description**

The Delaware County Health Plan (the OPEB Plan) is single-employer plan administered by the County. The OPEB Plan is a welfare plan designed to provide hospital, medical-surgical, major medical and prescription benefits to eligible employees and their dependents.

The County pays premiums for medical insurance on behalf of eligible retirees and their dependents. Eligible retirees are defined as individuals who retire with a normal or early pension and who have attained the age of sixty or who have twenty years of service. An eligible employee may also be an individual who has been employed by the County for five years of service and before reaching superannuation retirement age, is disabled while in service and is unable to continue as a County employee. A dependent is defined as a lawful spouse and unmarried children under twenty-seven years of age. Dependent children may be included up through age twenty-six. Executive retirees are offered subsidized dental insurance and fully contributory vision insurance. All other employees are required to pay the full premiums for dental insurance and do not receive vision benefits. Retirees are eligible for life insurance dependent on their employment classification at retirement.

The OPEB Plan is unfunded and no financial report is prepared. The County expressly reserves the right, in its sole discretion, at any time and from time to time to amend or terminate the existence, amount or nature of a benefit; alter or postpone the conditions for or method of payment of a benefit; amend or rescind a provision of the OPEB Plan; merge the OPEB Plan with another plan; and terminate the OPEB Plan in its entirety. The OPEB Plan is authorized and under the control, maintenance and operation of the County.

#### **Plan Membership**

At December 31, 2019, the OPEB Plan membership consisted of the following:

Inactive members or beneficiaries currently receiving benefits	1,733
Active members	<u>2,741</u>
Total membership	<u><u>4,474</u></u>

#### **Funding Policy**

Members do not contribute to the OPEB Plan for medical coverage; the County pays 100 percent of the cost of coverage for retired covered employees. The required contribution is based on pay-as-you-go financing requirements. County Council has the authority to amend the OPEB Plan including changing the obligations of the plan members and the County to contribute to the OPEB Plan. Executive retirees are not required to make any contributions for their dental coverage. Retirees are required to contribute \$1 per month for life insurance.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **Net OPEB Liability of the County**

The County net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by and actuarial valuation as of that date.

Total other post-employment benefit liability	\$ 443,411,109
OPEB Plan fiduciary net position	<hr/> -
Net other post-employment benefit liability	<hr/> <u>\$ 443,411,109</u>

OPEB Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
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The calculations are based on the types of benefits provided under the terms of the OPEB Plan at the time of the valuation. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

### **Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, utilizing the entry age actuarial cost method. The following actuarial assumptions, applied to all periods included in the measurement, were used in determination of the total OPEB liability:

*Salary increase rate* - 3.50 percent per annum

*Healthcare cost trend rates* - the following healthcare cost trend assumptions were applied in 2019 and will reduce by 0.5 percent each year until the ultimate trend rated indicated is reached:

Expense Type	2019 Rate	Ultimate Rate
Pre-Medicare medical and Rx Benefits	6.5 %	4.5 %
Medicare benefits	5.5	4.5
Dental	5.0	5.0
Stop loss fees	6.5	4.5
Administrative fees	4.5	4.5

*Per capita health claim cost* - the expected annual per capita claim costs were \$13,600 for age 60 and \$4,200 for age 70

*Medicare eligibility* - All current and future retirees are assumed to be eligible for Medicare at age 65

*Plan participation percentage* - 100 percent of all employees and their dependents will participate in the Plan

*Mortality rates* - Pub-2010 mortality table with generational scale MP-2019

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 2.74 percent. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded.

# **County of Delaware, Pennsylvania**

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## **Notes to Financial Statements**

December 31, 2019

### **Changes in the Net OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at January 1, 2019	\$ 454,668,067
Service cost	15,870,584
Interest	18,969,509
Differences between expected and actual experience	(61,125,472)
Changes of assumptions or other inputs	28,501,362
Benefit payments	<u>(13,472,941)</u>
Balance at December 31, 2019	<u>\$ 443,411,109</u>

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

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

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
2019 Net OPEB liability	\$ 515,830,000	\$ 443,411,109	\$ 366,272,000

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

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

	1% Decrease (4.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (5.5% Decreasing to 4.5%)	1% Increase (6.5% Decreasing to 5.5%)
2019 Net OPEB liability	\$ 359,163,000	\$ 443,411,109	\$ 518,791,000

## **County of Delaware, Pennsylvania**

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### Notes to Financial Statements

December 31, 2019

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the County recognized OPEB expense of \$29,574,519.

Gains and losses related to the difference between assumptions and actual experience are amortized over a period of 6.8 years starting on January 1, 2019. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Changes in assumptions	\$ 42,308,434	\$ (39,296,488)
Differences between expected and actual experience	-	(54,691,212)
	<u>\$ 42,308,434</u>	<u>\$ (93,987,700)</u>

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

Years ending December 31:	
2020	\$ (5,265,574)
2021	(5,265,574)
2022	(5,265,574)
2023	(5,265,574)
2024	(5,697,615)
Thereafter	<u>(24,919,355)</u>
Total	<u><u>\$ (51,679,266)</u></u>

### **23. Employees' Retirement Plan**

#### **Plan Description and Administration**

The Delaware County Employees' Pension Plan (the Pension Plan) is a single-employer defined benefit pension plan that covers all full-time employees of the County. The Pension Plan is included in the accompanying financial statements of the County as a pension trust fund and does not issue a separate plan financial statement.

The Pension Plan is governed by the Delaware County Employees' Retirement System Trust, Amended and Restated Effective January 1, 2016 plan document. The retirement trust is administered in good-faith compliance with the applicable provisions of the Internal Revenue Code and consistent with Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law. The plan is managed by the Delaware County Retirement Board, which consists of five members - three elected County Council members, the County Controller and the County Treasurer.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

At January 1, 2018, the measurement date, members of the Pension Plan was as follows:

Inactive plan members currently receiving benefits	1,606
Inactive plan members entitled to benefits but not yet receiving them	185
Current employees	<u>2,864</u>
Total membership	<u>4,655</u>
Number of participating employers	<u>1</u>

## **Benefits Provided**

The Pension Plan provides retirement, disability and death benefits. Retirement benefits for Pension Plan members are calculated as a percent of the member's highest three-year average salary times the number's years of service depending on class basis. Pension Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. 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 percent of the highest average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest. On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in 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. Benefits are determined by the Pension Plan document, which is in accordance with the Commonwealth of Pennsylvania's Act 96 of 1971, as amended, commonly referred to as the County Pension Law.

## **Funding Policy and Contributions**

Employees are required to contribute a portion of their salaries (7 percent of earnings) to the Pension Plan and employees can elect to contribute up to 17 percent of their salaries. Per Act 96 of 1971, contribution requirements of the Pension Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Pension Plan are financed through investment earnings.

The Pension Plan's funding policy provides for periodic employer contributions at actuarially determined rates. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Pension Plan members during the year, with an additional amount to finance any unfunded accrued liability. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial cost funding method.

For 2018, the annual contribution by the County was \$1,527,490 based on the January 1, 2018 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return (net of administrative expenses) compounded annually, (b) projected salary increases of 3.5 percent per year, and (c) cost-of-living adjustments provided at the discretion of the Delaware County Employees' Retirement Board. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets is calculated using the greater of the market value of assets as of the valuation date or the actuarial value of assets as of the prior valuation date, plus contributions and other deposits (except investment income) minus benefit payments, administrative expenses, or other payments, plus credited interest at 1 percent less than the Pension Plan's assumed rate to the valuation date. The actuarial value of assets will be limited to a maximum of 120 percent and a minimum of 80 percent of the market value of assets as of the valuation date.

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **Deposits and Investments**

The Pension Plan allows funds to be invested pursuing a 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 2018 measurement period.

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic equity	40-50 %	5.4-6.4 %
International equity	15-25	5.5-6.5
Fixed income	25-35	1.3-3.3
Real estate	0-10	4.5-5.5
Cash and cash equivalents	0-10	0.0-1.0

The long-term expected rate of return on Pension Plan investments was determined using a building-block method, 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 adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension Pension Plan's target asset allocation for the 2018 measurement period are summarized in the above table.

There was a significant change in the net plan fiduciary net position during 2018 due to market performance of Pension Plan investments.

### **Rate of Return**

For the year ended December 31, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Fund investment expense, was (6.88) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### **Net Pension Liability**

The components of net pension liability of the Pension Plan as of December 31, 2018, were as follows:

Total pension liability	\$ 529,594,445
Pension Plan fiduciary net position	<u>477,659,679</u>
Pension Plan net pension liability	<u><u>\$ 51,934,766</u></u>
Pension Plan fiduciary net position as a percentage of total pension liability	<u><u>90.19%</u></u>

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

## Changes in the Net Pension Liability

The changes in the County's net pension liability during the year ended December 31, 2018, are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Pension Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at January 1, 2018	\$ 495,252,845	\$ 531,331,994	\$ (36,079,149)
Changes for the year:			
Service cost	11,079,249	-	11,079,249
Interest cost	35,620,617	-	35,620,617
Difference between expected and actual experience	(2,408,168)	-	(2,408,168)
Change in assumptions	19,338,805	-	19,338,805
Contributions, employer	-	1,527,490	(1,527,490)
Contributions, plan member	-	10,798,327	(10,798,327)
Net investment loss	-	(36,709,229)	36,709,229
Benefit payments, including refunds	(29,288,904)	(29,288,904)	-
Net changes	<u>34,341,599</u>	<u>(53,672,316)</u>	<u>88,013,915</u>
Balances at December 31, 2018	<u>\$ 529,594,444</u>	<u>\$ 477,659,678</u>	<u>\$ 51,934,766</u>

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Pension Plan.

## Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial valuation date	January 1, 2018 rolled-forward to December 31
Actuarial cost method	Entry-age normal
Actuarial assumptions:	
Projected salary increases	3.5%
Inflation	3.0%
Interest rate	7.0%
Cost-of-living adjustments	0.0%
Asset valuation method	Fair Market Value

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement. The actuarial assumptions used in the valuation for the 2018 measurement period were based on past experience under the plan and reasonable future expectations, which represent the actuary's best estimate of anticipated experience under the Pension Plan.

# **County of Delaware, Pennsylvania**

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## **Notes to Financial Statements**

December 31, 2019

### **Discount Rate**

The discount rate used to measure the total pension liability for the Pension Plan was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Pension Fund'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.

### **Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Pension Plan calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate</b>	<b>1% Increase (8.0%)</b>
Net pension liability (asset)	\$ 98,392,728	\$ 51,934,766	\$ (179,338)

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

For the year ended December 31, 2019, the County recognized pension expense of \$29,773,200. At December 31, 2019, the County reported deferred outflows of resources related to the pension from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 19,907	\$ -
Net difference between projected and actual earning	67,196,563	(20,190,861)
Changes in assumptions	15,619,804	(7,294,822)
Contributions made subsequent to measurement date	3,997,875	-
<b>Total</b>	<b>\$ 86,834,149</b>	<b>\$ (27,485,683)</b>

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

Year ended December 31:

2019	\$ 17,795,418
2020	9,956,205
2021	9,638,088
2022	17,309,703
2023	651,177
<b>Total</b>	<b>\$ 55,350,591</b>

# **County of Delaware, Pennsylvania**

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## Notes to Financial Statements

December 31, 2019

### **24. Self-Insurance Program**

Effective January 1, 1987, the County elected to self-insure potential obligations applicable to workers' compensation, casualty/liability and health insurance. By doing so, the County is exposed to certain risks of losses associated with these types of transactions. These programs are contractually administered by private agencies. Three separate internal service funds were established to account for all transactions associated with self-insurance.

The County purchased reinsurance coverage to limit its liability per incident to a maximum of:

	<b>1988 to 1992</b>	<b>1993 to 1999</b>	<b>2000 to 2001</b>
Workers' compensation	\$ 300,000	\$ 300,000	\$ 250,000
Casualty/liability (excluding vehicles)	-	100,000	100,000
Health benefits	75,000	75,000	75,000
Vehicles	100,000	100,000	100,000

  

	<b>2002 to 2006</b>	<b>2007 to 2013</b>	<b>2014 to 2019</b>
Workers' compensation	\$ 325,000	\$ 500,000	\$ 650,000
Casualty/liability (excluding vehicles)	250,000	250,000	250,000
Health benefits	90,000	200,000	210,000*
Vehicles	100,000	100,000	100,000

\* includes a \$365,000 corridor deductible

The County's reinsurance policy has provided sufficient coverage to the County such that no settlements within the past three years have exceeded the reinsurance coverage. The cost of providing this coverage is charged directly to the County fund, which benefits from the coverage. Such charges are reflected as operating revenues into the self-insurance funds. Costs of the self-insurance program charged to the current year expenses were \$51,538,596, which includes insurance claims of \$51,505,093 and administrative costs of \$33,503. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Additional administrative costs of the self-insurance funds are paid by the General Fund and totaled \$314,163 for the fiscal year.

# County of Delaware, Pennsylvania

Notes to Financial Statements

December 31, 2019

An analysis of the claims activity is presented as follows:

	2019			
	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Actual Claim Payments	Balance at End of Year
Self-Insured Health Insurance Fund	\$ 2,914,665	\$ 43,919,622	\$ 43,921,557	\$ 2,912,730
Self-Insured Workers' Compensation Fund	2,031,826	684,325	1,228,347	1,487,804
Self-Insured Casualty/Liability Fund	506,555	6,901,148	6,742,241	665,462
<b>Total</b>	<b>\$ 5,453,046</b>	<b>\$ 51,505,095</b>	<b>\$ 51,892,145</b>	<b>\$ 5,065,996</b>
	2018			
	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Actual Claim Payments	Balance at End of Year
Self-Insured Health Insurance Fund	\$ 4,476,450	\$ 42,311,276	\$ 43,873,061	\$ 2,914,665
Self-Insured Workers' Compensation Fund	1,313,393	1,165,824	447,391	2,031,826
Self-Insured Casualty/Liability Fund	431,615	6,264,936	6,189,996	506,555
<b>Total</b>	<b>\$ 6,221,458</b>	<b>\$ 49,742,036</b>	<b>\$ 50,510,448</b>	<b>\$ 5,453,046</b>

## 25. Other Revenues

Other revenues of \$11,857,333 in the governmental funds consist of funds received related to gaming proceeds for economic development of \$1,653,176; interest revenue from the City of Chester of \$440,757; rental income of \$855,012; funds received from the state equalization board of \$765,095; fringe benefits recovered of \$5,650,164; revenues related to Act 164 Rideshare fees of \$1,053,929; and various other revenues of \$1,439,200.

## 26. Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. On the statement of net position, governmental activities unearned revenue of \$76,999,070 consists of the General Fund of \$2,184,271 representing grants and other fees, Health and Human Service of \$43,108,285 and Other Governmental Funds of \$31,706,514 representing grants received which were not earned at December 31, 2019.

## **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

### **27. Grant to the Delaware County Chester Waterfront Industrial Development Authority**

The IDA was formed for the purpose of acquiring, constructing, financing, improving and maintaining industrial and commercial development projects within the City of Chester and is a discretely presented component unit of the County (Note 2). On February 15, 2009, the County and the IDA executed a grant agreement, which states that the County will grant funds in an amount up to \$30,000,000 for eligible costs as defined for the construction of a stadium project. The County financed the grant through the issuance of its General Obligation Bonds, Series of 2009 (2009 Bonds) (Note 16). Upon issuance of the 2009 Bonds the proceeds were placed in a Trust, as eligible costs are expended by the IDA funds are released from the Trust on a reimbursement basis.

On February 15, 2009, the County and the City of Chester (the City) executed a contribution agreement whereby the City unconditionally agreed to pay the County \$13,445,635 through May 31, 2039, in semi-annual payments to fund a portion of the capital grant to the IDA. The 2018 amount due to the County of \$440,757 was paid by the City in January 2019. The present value of this asset amounting to approximately \$5,650,723 has been recorded in other receivables on the government-wide statement of net position at December 31, 2019 (Note 8).

### **28. Commitments and Contingencies**

#### **Commitments**

The County leases office space under a number of operating leases with expiration dates through 2031.

Future minimum lease payments for each of the five years subsequent to December 31, 2019, under the various leases are as follows:

Years ending December 31:

2020	\$ 4,567,091
2021	4,211,255
2022	3,663,895
2023	3,107,958
2024	2,547,448
2024-2029	5,196,519
2030-2031	<u>29,172</u>
Total	<u>\$ 23,323,338</u>

Total rental expense for these leases during 2019 was \$4,344,038.

#### **Contingencies**

The use of grant monies received is subject to compliance audits by the disbursing governmental agency. The County believes it is in compliance with all significant grant requirements.

The County is involved in various litigation matters arising in the normal course of business which are still pending. The ultimate outcome of these cases or the County's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty. It is the opinion of management that the amount of potential claims not covered by insurance resulting from claims against the County would not materially affect the financial position of the County at December 31, 2019.

# **County of Delaware, Pennsylvania**

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Notes to Financial Statements

December 31, 2019

## **29. Subsequent Events**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, the Governor of the Commonwealth of Pennsylvania declared an emergency requiring the closure of businesses, schools, and other institutions, resulting in job losses. The impact on residents and businesses may have the potential to affect County operations due to the loss of tax revenues. In 2020, the County has received approximately \$98,800,000 of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding for expenditures incurred due to the public health emergency with respect to COVID-19 and to provide economic stabilization funding to the County.

In 2019, the Board of Delaware County Regional Water Quality Control Authority (DELCORA) entered into an agreement with Aqua Pennsylvania to sell DELCORa and privatize its operations. Further, the parties agreed to create a trust to distribute assets from the sale. In June 2020, Delaware County Council enacted an ordinance that would dissolve the authority and have the County assume the assets and liabilities of DELCORa. Council also filed a civil complaint in Delaware County Common Pleas Court to block the formation of the trust.

## **30. New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- Statement No. 83, *Certain Asset Retirement Obligations* - effective for the County's year ending December 31, 2020.
- Statement No. 84, *Fiduciary Activities* - effective for the County's year ending December 31, 2020.
- Statement No. 87, *Leases* - effective for the County's year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - effective for the County's year ending December 31, 2021.
- Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* - effective for the County's year ending December 31, 2020.
- Statement No. 91, *Conduit Debt Obligations* - effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rate* - effective for the County's year ending December 31, 2021.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - effective for the County's year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* - effective for the County's year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - effective for the County's year ending December 31, 2020.

County management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

**County of Delaware, Pennsylvania**

Required Supplementary Information

Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios

December 31, 2019

(Unaudited)

	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 18,068,533	\$ 18,690,090	\$ 15,870,584
Interest cost	14,518,005	17,101,669	18,969,509
Changes of assumptions or other inputs	29,018,463	(52,656,643)	(32,624,110)
Benefit payments	<u>13,198,969</u>	<u>(13,837,017)</u>	<u>(13,472,941)</u>
Net change in total OPEB liability	74,803,970	(30,701,901)	(11,256,958)
<b>Total OPEB Liability, Beginning</b>	<u>410,565,998</u>	<u>485,369,968</u>	<u>454,668,067</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 485,369,968</u>	<u>\$ 454,668,067</u>	<u>\$ 443,411,109</u>
<b>Covered-Employee Payroll (Estimated)</b>	\$ 167,229,090	\$ 173,082,000	\$ 101,184,073
<b>County's Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	290.24%	262.69%	438.22%

**Notes to Schedule:**

The County implemented GASB Statements No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

The County does not accumulate assets in a trust to pay related benefits under the other post-employment benefit plan.

In 2018, the actuarial valuation was updated for a change in assumed discount rate related to net OPEB liability and deferred inflows of approximately \$52.7 million

In 2019, the actuarial valuation discount rate decreased, the mortality tables were updated to more recent studies, and actual Medicare claims experience were lower than expected which resulted in a change in the assumptions related to the net OPEB liability and deferred outflows of approximately \$32.6 million

**County of Delaware, Pennsylvania**

Required Supplementary Information

Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios

December 31, 2019

(Unaudited)

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total Pension Liability</b>					
Service cost	\$ 4,767,962	\$ 4,584,055	\$ 15,542,585	\$ 15,286,753	\$ 11,079,249
Interest	31,874,452	33,074,553	33,824,984	35,056,767	35,620,617
Difference between expected and actual experience	4,147,176	8,944,917	(363,424)	(8,234,316)	(2,408,168)
Changes in assumptions	-	-	(17,616,575)	-	19,338,805
Benefit payments, including refunds of member contributions	<u>(25,266,392)</u>	<u>(23,917,898)</u>	<u>(24,299,440)</u>	<u>(24,782,858)</u>	<u>(29,288,903)</u>
Net change in total pension liability	15,523,198	22,685,627	7,088,130	17,326,346	34,341,600
<b>Total Pension Liability, Beginning</b>	<u>432,629,544</u>	<u>448,152,742</u>	<u>470,838,369</u>	<u>477,926,499</u>	<u>495,252,845</u>
<b>Total Pension Liability, Ending (a)</b>	<u><u>\$ 448,152,742</u></u>	<u><u>\$ 470,838,369</u></u>	<u><u>\$ 477,926,499</u></u>	<u><u>\$ 495,252,845</u></u>	<u><u>\$ 529,594,445</u></u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155	\$ 1,527,490
Employee contributions	10,929,265	10,301,611	10,747,880	10,584,568	10,798,327
Net investment income (loss)	25,701,117	(4,799,203)	31,600,871	68,708,453	(36,709,229)
Benefit payments, including refunds of member contributions	<u>(25,266,392)</u>	<u>(23,917,898)</u>	<u>(24,299,440)</u>	<u>(24,782,858)</u>	<u>(29,288,903)</u>
Administration	<u>(48,804)</u>	<u>(48,803)</u>	<u>(48,803)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	15,474,249	(14,477,195)	23,160,546	59,272,318	(53,672,315)
<b>Plan Fiduciary Net Position, Beginning</b>	<u>447,902,076</u>	<u>463,376,325</u>	<u>448,899,130</u>	<u>472,059,676</u>	<u>531,331,994</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u><u>\$ 463,376,325</u></u>	<u><u>\$ 448,899,130</u></u>	<u><u>\$ 472,059,676</u></u>	<u><u>\$ 531,331,994</u></u>	<u><u>\$ 477,659,679</u></u>
Plan net pension (asset) liability, ending (a) - (b)	<u><u>\$ (15,223,583)</u></u>	<u><u>\$ 21,939,239</u></u>	<u><u>\$ 5,866,823</u></u>	<u><u>\$ (36,079,149)</u></u>	<u><u>\$ 51,934,766</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</b>	103.40%	95.34%	98.77%	107.28%	90.19%
<b>Covered Payroll</b>	\$ 134,056,126	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406	\$ 131,211,477
<b>County's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	(11.36)%	16.75%	4.34%	-27.29%	39.58%

**Notes to Schedule:**

The County implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

In 2016, the actuarial valuation was updated for the impact of member contributions and the member's reserve which resulted in a change in the assumptions related to the pension liability and deferred outflows of approximately \$17.6 million.

In 2018, the actuarial valuation discount rate decreased from 7.5% to 7.0% as a result of the long-term expected rate of return on pension plan investments which resulted in a change in the assumptions related to the pension liability and deferred outflows of approximately \$19.3 million.

The County used the 2018 Actuarial Valuation to determine the net pension liability as of December 31, 2019 as allowed under GASB 67.

**County of Delaware**

Required Supplementary Information  
 Schedule of Employer Contributions  
 Last Ten Fiscal Years  
 (Unaudited)

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Actuarially Determined Contribution</b>	\$ 6,756,099	\$ 5,944,506	\$ 7,142,276	\$ 7,146,641	\$ 4,159,063	\$ 3,987,098	\$ 5,160,038	\$ 4,762,155	\$ 1,527,490	\$ 3,997,875
<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<u>6,756,099</u>	<u>5,944,506</u>	<u>7,142,276</u>	<u>7,146,641</u>	<u>4,159,063</u>	<u>3,987,098</u>	<u>5,160,038</u>	<u>4,762,155</u>	<u>1,527,490</u>	<u>3,997,875</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>									
<b>Covered Payroll</b>	\$ 132,733,000	\$ 128,948,000	\$ 126,634,000	\$ 131,612,000	\$ 134,056,000	\$ 130,961,008	\$ 135,127,843	\$ 132,195,406	\$ 132,195,406	\$ 131,220,398
<b>Contributions as a Percentage of Covered Payroll</b>	5.09%	4.61%	5.64%	5.43%	3.10%	3.04%	3.82%	3.60%	1.16%	3.05%

**Notes to Schedule:**

Valuation date: January 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Market value adjusted by unrecognized gains and losses from prior years
Inflation	3.0%
Salary increases	3.5% average, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years of service
Mortality	2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement

## **County of Delaware**

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Required Supplementary Information

Schedule of Investment Returns

December 31, 2019

(Unaudited)

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>	6.50%	(0.65)%	7.90%	15.27%	(6.88)%

### **Notes to Schedule:**

The County implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

**County of Delaware, Pennsylvania**

Schedule of Expenditures of Federal Awards  
December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
<b>U.S. Department of Agriculture</b>				
Pass-through Pennsylvania Department of Education:				
Child nutrition cluster:				
School breakfast program	10.553	n/a	\$ 16,325	\$ -
National School lunch program	10.555	n/a	25,741	-
Total child nutrition cluster			42,066	-
Pass-through Pennsylvania Department of Human Services:				
SNAP cluster:				
State matching grants for supplemental nutrition assistance program	10.561	n/a	116,233	-
Pass-through Pennsylvania Department of Agriculture:				
Food distribution cluster:				
Emergency food assistance program	10.568	n/a	57,943	51,992
Emergency food distribution program	10.569	n/a	331,791	331,791
Total food distribution cluster			389,734	383,783
Total U.S. Department of Agriculture			548,033	383,783
<b>U.S. Department of Education</b>				
Pass-through the Pennsylvania Department of Labor and Industry:				
Rehabilitation services vocational rehabilitation grants to states	84.126	n/a	9,868	-
Pass-Through Pennsylvania Department of Human Services:				
Special education grants for infants & families with disabilities	84.181	n/a	644,657	644,657
Total U.S. Department of Education			654,525	644,657
<b>U.S. Department of Housing and Urban Development</b>				
Direct program:				
CDBG - Entitlement grants cluster:				
Community development block grants/entitlement grants	14.218	n/a	3,844,142	3,004,179
Emergency solutions grant	14.231	n/a	338,857	315,516
Supportive housing program	14.235	n/a	169,577	145,600
HOME investment partnerships program	14.239	n/a	1,230,485	1,131,122
Continuum of care program	14.267	n/a	1,080,383	822,775
Pass-through Pennsylvania Department of Human Services:				
Shelter plus care program	14.238	n/a	124,567	122,024
Pass-through City of Philadelphia Division of Housing and Community Development:				
Housing Opportunities for Persons with AIDS:				
Contract # 1920029	14.241	n/a	285,343	53,692
Contract # 2020059	14.241	n/a	268,252	42,227
Total U.S. Department of Housing and Urban Development			7,341,606	5,637,135
<b>U.S. Department of Health and Human Services</b>				
Pass-through Pennsylvania Department of Aging:				
Special programs for the aging Title VII, Chapter 3 - programs for prevention of elder abuse, neglect and exploitation	93.041 *	4100072809	6,360	-
Special programs for the aging Title VII, Chapter 2 - long-term care ombudsman services for older individuals	93.042 *	4100072809	15,900	-
Special programs for the aging Title III, Part D - disease prevention and health promotion services	93.043 *	4100072809	28,096	-
National family caregiver support, Title III, Part E	93.052 *	4100072809	122,643	-
Medical enrollment assistance program	93.071 *	4100072809	10,040	-
State health insurance assistance program	93.324 *	4100072809	51,889	-
Pass-through Pennsylvania Department of Community and Economic Development:				
Low Income Home Energy Assistance	93.568	C000061656	51,492	-

*See notes to schedule of expenditures of federal awards and  
Selected Commonwealth of Pennsylvania Department of Human Services Assistance*

**County of Delaware, Pennsylvania**

Schedule of Expenditures of Federal Awards  
December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>				
Pass-through Pennsylvania Department of Human Services:				
Guardianship assistance	93.090	n/a	\$ 175,593	\$ -
Projects for assistance in transition from homelessness	93.150	70154	114,769	114,769
Every student succeeds act/preschool development grants	93.434	n/a	120,700	-
Promoting safe and stable families	93.556	n/a	130,324	119,260
Child support enforcement	93.563	4100070482	7,116,888	-
Child Care Development Fund cluster:				
Childcare and development block grant	93.575	n/a	20,837,884	1,209,919
Childcare mandatory and matching funds of the childcare and development fund	93.596	n/a	7,966,748	-
Total Child Care Development Fund cluster			28,804,632	1,209,919
Stephanie Tubbs Jones child welfare services program	93.645	1701PACWSS	220,851	175,593
Foster care - Title IV-E	93.658	n/a	5,469,322	2,448,958
Adoption assistance	93.659	n/a	3,043,891	-
Chafee foster care independence program	93.674	n/a	101,163	42,832
Block grants for community mental health services	93.958	70167	656,352	656,352
Pass-through Pennsylvania Department of Drug and Alcohol Programs:				
Block grants for prevention and treatment of substance abuse	93.959	4100053190	2,106,582	2,106,582
Pass-through Pennsylvania Department of Health:				
National bioterrorism hospital preparedness program	93.889	81064 and 84158	9,023	-
Hospital preparedness program and public health emergency preparedness aligned Cooperative Agreements	93.074	4100078490	33,700	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Community services block grant	93.569	n/a	10,061	-
Pass-through Pennsylvania Department of Human Services:				
Temporary assistance for needy families	93.558	n/a	12,572,332	1,536,343
Pass-through the Pennsylvania Department of Labor and Industry:				
Temporary assistance for needy families	93.558	n/a	2,452,728	-
Total TANF Cluster			15,025,060	1,536,343
Medicaid cluster:				
Pass-through Pennsylvania Department of Aging:				
Medical assistance program (Medicaid)	93.778 *	4100078250	68,409	
Pass-through Pennsylvania Department of Human Services:				
Medical assistance program (Medicaid)	93.778	n/a	3,360,112	2,597,169
Pass-through Pennsylvania Department of Drug and Alcohol Programs:				
Opioid SOR Grant	93.778	n/a	134,263	123,003
Opioid STR Grant	93.778	n/a	576,848	576,848
Total Medicaid cluster			4,139,632	3,297,020
Aging cluster:				
Pass-through Pennsylvania Department of Aging:				
Special programs for the aging Title III, Part B - grants for supportive services and senior centers	93.044 *	4100072809	617,273	-
Special programs for the aging Title III, Part C - nutrition services	93.045 *	4100072809	405,094	-
Nutrition services incentive program	93.053 *	4100072809	105,322	-
Total Aging cluster			1,127,689	-
Total U.S. Department of Health and Human Services			68,692,652	11,707,628
<b>U.S. Department of Justice</b>				
Direct program:				
Missing children's assistance	16.543	n/a	585,206	38,042
Edward Bryne Memorial Justice Assistance Grant Program	16.738	n/a	164,627	-
Pass-through Pennsylvania Commission on Crime and Delinquency:				
Justice Reinvestment Initiative	16.827	27008	32,884	-
Crime Victims Assistance:				
Contract # 29119	16.575	29119	116,638	-
Contract # 26672	16.575	26672	53,506	-
Total U.S. Department of Justice			952,861	38,042

*See notes to schedule of expenditures of federal awards and  
Selected Commonwealth of Pennsylvania Department of Human Services Assistance*

**County of Delaware, Pennsylvania**

Schedule of Expenditures of Federal Awards  
December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through ID	Total Federal Expenditures	Passed-Through to Subrecipients Expenditures
<b>U.S. Department of Labor</b>				
Direct program:				
Employment service cluster:				
Employment service/wagner-peyser funded activities	17.207	n/a	\$ 156,803	\$ -
Trade adjustment assistance	17.245	n/a	22,687	-
Pass-through the Pennsylvania Department of Labor and Industry:				
Unemployment insurance	17.225	n/a	4,127	-
Welfare to work grants	17.253	n/a	3,692	-
Apprenticeship USA grants	17.285	n/a	8,022	-
WIOA cluster:				
Workforce Investment Act adult program	17.258	n/a	1,267,021	-
Workforce Investment Act youth activities	17.259	n/a	935,561	-
Workforce Investment Act dislocated worker formula grant	17.278	n/a	1,069,886	-
Total WIOA cluster			3,272,468	-
Total U.S. Department of Labor			3,467,799	-
<b>U.S. Department of Energy</b>				
Pass-through the Pennsylvania Department of Community and Economic Development weatherization assistance for low income persons	81.042	n/a	44,195	-
<b>Corporation for National and Community Service</b>				
Direct program:				
Foster grandparent/senior companion cluster:				
Foster grandparent program	94.011 *	n/a	325,778	-
<b>U.S. Department of Transportation</b>				
Direct program:				
Highway safety cluster:				
State and community highway safety	20.600	n/a	81,808	-
Pass-through Pennsylvania Department of Transportation:				
Highway planning and construction cluster:				
Highway planning and construction	20.205	n/a	2,392,029	-
Pass-through Delaware Valley Regional Planning Commission				
Metropolitan transportation planning	20.505	n/a	121,019	-
Total U.S. Department of Transportation			2,594,856	-
<b>U.S. Department of Homeland Security</b>				
Pass-through Pennsylvania Emergency Management Agency:				
Emergency Management Performance Grants	97.042	n/a	53,595	-
Homeland security grant program	97.067	n/a	1,849,091	-
Total U.S. Department of Homeland Security			1,902,686	-
<b>Executive Office of the President</b>				
Direct program:				
High Intensity Drug Trafficking Areas Program	95.001	n/a	16,217	-
Total Expenditures of Federal Awards			\$ 86,541,208	\$ 18,411,245

\* - Programs denoted as major programs by other auditors

## **County of Delaware, Pennsylvania**

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Schedule of Selected Commonwealth of Pennsylvania

Department of Human Services Assistance

Year Ended December 31, 2019

Grantor/Program Title	Combined Federal and State Expenditures
<b>Commonwealth of Pennsylvania Department of Human Services</b>	
Child Support Enforcement	\$ 7,116,888
SNAP cluster	116,233
Special education grants	644,657
Shelter plus care program	124,567
Guardianship assistance	175,593
Projects for assistance in transition from homelessness	114,769
Every student succeeds	120,700
Temporary Assistance for Needy Families	12,572,332
Promoting Safe & Stable Families (Time-Limited Family Reunification)	130,324
Child Care Development Fund	28,804,632
Stephanie Tubbs Jones	220,851
Foster Care Title IV-E	5,469,322
Adoption Assistance	3,043,891
Chafee Foster Care Independence Program	101,163
Block Grants for Community Mental Health Services	656,352
Medical Assistance Program	<u>3,360,112</u>
Total selected Commonwealth of Pennsylvania Department of Human Services Assistance	<u>\$ 62,772,386</u>

*See notes to schedule of expenditures of federal awards and  
Selected Commonwealth of Pennsylvania Department of Human Services Assistance*

# **County of Delaware, Pennsylvania**

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Notes to Schedule of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania  
Department of Human Services Assistance  
Year Ended December 31, 2019

## **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the County of Delaware, Pennsylvania (the County) under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position or cash flows of the County.

## **2. Basis of Accounting**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## **3. Indirect Cost**

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **4. Child Support Enforcement**

	<b>Number of Cases Reviewed</b>	<b>Case Problems Found</b>
Line #1 IV-D cases open at the end of the fiscal year (9/30/19).	5	None
Line #2 IV-D cases open at the end of the fiscal year with support orders established (financial or medical).	5	None
Line #5 Children in IV-D cases open at the end of the fiscal year who were born out of wedlock.	5	None
Line #6 Children in IV-D cases open during or at the end of the fiscal year with paternity established or acknowledged.	5	None
Line #21 Cases open at the end of the fiscal year in which medical support is ordered.	5	None

## **County of Delaware, Pennsylvania**

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Notes to Schedule of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania  
Department of Human Services Assistance  
Year Ended December 31, 2019

	<u>Number of Cases Reviewed</u>	<u>Case Problems Found</u>
Line #23 Cases open at the end of the fiscal year where health insurance is provided as ordered.	5	None
Line #24 Total amount of current support due for the fiscal year (for IV-D cases, excluding emancipated children).	5	None
Line #25 Total amount of support disbursed as current support during the fiscal year (for IV-D cases, excluding emancipated children).	5	None
Line #28 Cases with arrears due during the fiscal year (10/1/18 - 9/30/19).	5	None
Line #29 Cases paying toward arrears during the fiscal year (10/1/18 - 9/30/19).	5	None

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the County Council of  
County of Delaware, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delaware, Pennsylvania (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, and have issued our report thereon dated June 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, Delaware County Solid Waste Authority, Economic Development Oversight Board, the Redevelopment Authority of the County of Delaware and the Delaware County Chester Waterfront Industrial Development Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. The financial statements of Delaware County Solid Waste Authority, the Redevelopment Authority of the County of Delaware and the Delaware County Chester Waterfront Industrial Development Authority were not audited in accordance with *Government Auditing Standards*.

The County's financial statements include the operations of certain departments which received federal awards and Pennsylvania Department of Human Services awards. However our audit, described above, did not include the programs of certain departments because other auditors were engaged to perform these audits in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Such programs are as follows:

Department	Federal CFDA Number	Federal Expenditures
County Office of Services for the Aging	93.041	\$ 6,360
	93.042	15,900
	93.043	28,096
	93.044	617,273
	93.045	405,094
	93.052	122,643
	93.053	105,322
	93.071	10,040
	93.324	51,889
	93.778	68,409
	94.011	325,778
		<hr/>
		\$ 1,756,804

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Philadelphia, Pennsylvania  
June 29, 2020

**Independent Auditors' Report on Compliance  
for Each Major Federal Program, DHS Program  
and City of Philadelphia Programs and on Internal Control  
Over Compliance Required by the Uniform Guidance and the  
Commonwealth of Pennsylvania Department of  
Human Services Single Audit Supplement and the  
City of Philadelphia Subrecipient Audit Guide**

To the County Council of  
County of Delaware, Pennsylvania

**Report on Compliance for Each Major Federal Program, DHS Programs and City of Philadelphia  
Programs**

We have audited the County of Delaware, Pennsylvania's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the Commonwealth of Pennsylvania Department of Human Services (DHS Single Audit Supplement) and the City of Philadelphia *Subrecipient Audit Guide* that could have a direct and material effect on each of the County's major federal programs, DHS programs and City of Philadelphia programs for the year ended December 31, 2019. The County's major federal programs and DHS programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards and DHS awards and City of Philadelphia awards applicable to its federal programs, DHS programs and City of Philadelphia programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs, DHS programs and City of Philadelphia programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); DHS Single Audit Supplement and, the City of Philadelphia *Subrecipient Audit Guide*. Those standards, the Uniform Guidance, DHS Single Audit Supplement and the audit requirements of the City of Philadelphia *Subrecipient Audit Guide*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, DHS program or City of Philadelphia program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program, DHS program and City of Philadelphia program. However, our audit does not provide a legal determination of the County's compliance.

The County's financial statements include the operations of certain departments which received federal awards. However our audit, described above, did not include the programs of certain departments because other auditors were engaged to perform these audits in accordance with the Uniform Guidance. Such programs are as follows:

Department	Federal CFDA Number	Federal Expenditures
County Office of Services for the Aging		
	93.041	\$ 6,360
	93.042	15,900
	93.043	28,096
	93.044	617,273
	93.045	405,094
	93.052	122,643
	93.053	105,322
	93.071	10,040
	93.324	51,889
	93.778	68,409
	94.011	325,778
Total		<u>\$ 1,756,804</u>

#### ***Opinion on Each Major Federal Program, DHS Program and City of Philadelphia Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, DHS programs and City of Philadelphia programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2019.

#### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, DHS program and City of Philadelphia program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, DHS program and City of Philadelphia program and to test and report on internal control over compliance in accordance with the Uniform Guidance, DHS Single Audit Supplement and the City of Philadelphia *Subrecipient Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, DHS program or City of Philadelphia program, on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, DHS program or City of Philadelphia program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, DHS program or City of Philadelphia program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, DHS Single Audit Supplement and the City of Philadelphia *Subrecipient Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Baker Tilly US, LLP*

Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Philadelphia, Pennsylvania  
December 21, 2020

# **County of Delaware, Pennsylvania**

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Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

## **Section I - Summary of Auditors' Results**

### **Financial Statements**

Type of report the auditor issued on whether the financial statements were in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

### **Federal Awards**

Internal control over major federal programs:	
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.575, 93.596	Childcare Development Fund Cluster
93.563	Child Support Enforcement

Identification of major DHS programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.563	Child Support Enforcement
93.575, 93.596	Childcare Development Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$2,596,236

Auditee qualified as low-risk auditee?  yes     no

## **Section II - Financial Statement Findings**

None

## **Section III - Federal Award Findings and Questioned Costs**

None

# **County of Delaware, Pennsylvania**

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Summary Schedule of Prior Audit Findings

Year Ended December 31, 2019

## **Section IV - Summary of Prior Audit Findings**

### **Financial Statement Finding**

#### **Finding 2018-001**

*Criteria:* A system of internal control should be in place that provides reasonable assurance that management or employees may prevent, detect or correct misstatements and/or errors on a timely basis.

*Condition:* The bank reconciliations for several cash accounts were prepared and reviewed by the same individual leading to a lack of segregation of duties for the period September through December 2018. The Deputy Treasurer is responsible for preparing the bank reconciliations while the Treasurer is responsible for reviewing; however, the Treasurer retired during this time frame. Since the Deputy Treasurer has signing rights on each account and has cash receipt duties, internal control is most effective when the person reviewing the bank reconciliations also is not responsible for entries in the receipts and disbursements records.

*Resolution:* Bank reconciliations are being prepared by individuals without account signing privileges and cash receipts duties.

### **Federal Award Findings and Questioned Costs**

#### **Finding 2018-002**

*Federal Agency:* U.S. Department of Labor

*Pass-Through Agency:* Pennsylvania Department of Labor and Industry

*Federal Program:* WIOA Cluster - 17.258/17.259/17.278

*Compliance Requirement:* C. Cash Management/L. Reporting

*Criteria:* A system of internal control should be in place to provide a structure for appropriate assignment of responsibility for supervisory and review of cash management and reporting activities.

*Condition:* There is a lack of controls over monitoring of cash management and reporting activities including the supervisory and review of cash drawdowns, requests for reimbursement and external reporting.

*Resolution:* An individual was assigned all supervising and review responsibilities of all cash management and reporting activities of grant.

## **County of Delaware, Pennsylvania**

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Summary Schedule of Prior Audit Findings

Year Ended December 31, 2019

### **Finding 2018-003**

*Federal Agency:* U.S. Department of Labor

*Pass-Through Agency:* Pennsylvania Department of Labor and Industry

*Federal Program:* TANF Cluster- 93.558

*Compliance Requirement:* C. Cash Management/L. Reporting

*Criteria:* A system of internal control should be in place to provide a structure for appropriate assignment of responsibility for supervisory and review of cash management and reporting activities.

*Condition:* There is a lack of controls over monitoring of cash management and reporting activities including the supervisory and review of cash drawdowns, requests for reimbursement and external reporting.

*Resolution:* An individual was assigned all supervising and review responsibilities of all cash management and reporting activities of grant.

**Independent Accountants' Report on  
Applying Agreed-Upon Procedures on the  
Schedule of WIOA Expenditures by  
Program Identifiers and Cost Categories**

To the County Council of  
County of Delaware, Pennsylvania and the  
Pennsylvania Department of Labor and Industry

We have performed the procedures enumerated below, which were agreed to by County Council and the Pennsylvania Department of Labor and Industry on the accompanying financial schedules of the County of Delaware, Pennsylvania (the County) for the year ended December 31, 2019, solely to assist you in evaluating the County's compliance with the requirements of the Pennsylvania Department of Labor and Industry. The County's management is responsible for the exhibits required by the Pennsylvania Department of Labor and Industry. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

Procedures and findings are as follows:

We mathematically checked the clerical accuracy of the County's summarization of amounts reported on the monthly Financial Status Report (FSR) submitted to the Pennsylvania Department of Labor and Industry during the fiscal year ended December 31, 2019 and the report of the summarized, fiscal year totals on the respective formats as presented in the WIOA Policies and Procedures Manual. This procedure was performed for the WIOA expenditures by program identifier and year included on page 90 administered by the County which were funded in whole, or in part, by the Pennsylvania Department of Labor and Industry. No findings were identified.

We inquired of management regarding any adjustment to reported revenues or expenditures which were not reflected on reports submitted to the Pennsylvania Department of Labor and Industry. No adjustments to the revenues or expenditures had been made as of the issuance of the agreed-upon procedures report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the exhibits required by the Pennsylvania Department of Labor and Industry. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of County Council, Pennsylvania Department of Labor and Industry, management and others within the County of Delaware, Pennsylvania and is not intended to be, and should not be, used by anyone other than these specified parties



Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Philadelphia, Pennsylvania  
December 21, 2020

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**County of Delaware, Pennsylvania**

Statement of WIOA Expenditures by Contract Number and Year  
December 31, 2019

Title	CFDA Number	Contract Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
WIOA Adult Program	17.258	035163001	7/1/16-6/30/19	\$ 106,221	\$ 106,221	\$ -
	17.258	035163011	10/1/16-6/30/19	728,217	728,217	-
	17.258	035163132	10/1/16-6/30/19	60,000	60,000	-
	17.258	035163133	10/1/16-6/30/19	41,566	41,566	-
WIOA Dislocated Worker Program	17.278	035164001	7/1/16-6/30/19	129,772	129,772	-
	17.278	035164011	10/1/16-6/30/19	668,287	668,287	-
	17.278	035164151	10/1/16-6/30/19	90,334	90,334	-
	17.278	035164134	10/1/16-6/30/19	194,572	194,572	-
WIOA Youth Program	17.259	035163301	4/1/16-6/30/19	913,854	913,854	-
TANF Youth Program	93.558	035163361	7/1/16-6/30/19	507,804	507,804	-
	93.558	035163362	7/1/16-6/30/19	259,257	259,257	-
	93.558	035164133	10/1/16-6/30/19	5,559	5,559	-
Grand totals				\$ 3,705,443	\$ 3,705,443	\$ -
WIA Adult Program	17.258	035173001	7/1/17-6/30/20	\$ 108,648	\$ 108,648	\$ -
	17.258	035173011	10/1/17-6/30/20	749,185	749,185	-
	17.258	035173005	7/1/17-6/30/20	546	546	-
WIA Dislocated Worker Program	17.278	035174001	7/1/17-6/30/20	129,524	129,524	-
	17.278	035174011	10/1/17-6/30/20	561,466	561,466	-
	17.278	035174151	10/1/17-6/30/20	36,396	36,396	-
	17.278	035174053	7/1/17-6/30/20	5,697	5,697	-
	17.278	035174005	7/1/17-6/30/20	65	65	-
WIA Youth Program	17.259	035173301	4/1/17-6/30/20	803,811	803,811	-
	17.259	035173342	4/1/17-6/30/20	14,112	14,112	-
TANF Youth Program	93.558	035173361	7/1/17-6/30/19	832,923	781,300	51,623
	93.558	035173362	7/1/17-6/30/21	9,481	9,481	-
Grand totals				\$ 3,251,854	\$ 3,200,231	\$ 51,623
WIA Adult Program	17.258	035183001	7/1/18-6/30/21	\$ 173,124	\$ 173,124	\$ -
	17.258	035183011	10/1/18-6/30/21	922,942	922,942	-
WIA Dislocated Worker Program	17.278	035184001	7/1/18-6/30/21	175,953	175,953	-
	17.278	035184011	10/1/18-6/30/21	719,972	299,152	420,820
	17.278	035184132	10/1/18-6/30/21	91,611	36,694	54,917
	17.278	035188423	10/1/18-9/30/20	307,834	42,445	265,389
	17.278	035184152	10/1/18-6/30/21	125,693	27,875	97,818
	17.278	035184032	7/1/18-6/30/21	73,260	73,260	-
WIA Youth Program	17.259	035183301	4/1/18-6/30/21	1,279,634	447,867	831,767
TANF Youth Program	93.558	035183361	7/1/18-6/30/19	838,240	712,444	125,796
Grand totals				\$ 4,708,263	\$ 2,911,756	\$ 1,796,507
WIA Adult Program	17.258	035193001	7/1/19-6/30/22	\$ 152,671	\$ 6,074	\$ 146,597
	17.258	035193011	10/1/19-6/30/21	813,902	-	813,902
WIA Dislocated Worker Program	17.278	035194001	7/1/19-6/30/22	190,210	-	190,210
	17.278	035194011	10/1/19-6/30/22	905,560	-	905,560
	17.278	035194031	7/1/19-6/30/22	100,000	-	100,000
	17.278	035194131	10/1/19-6/30/22	137,463	-	137,463
WIA Youth Program	17.259	035193301	4/1/19-6/30/22	1,136,004	-	1,136,004
WIA TANF Youth Program	93.558	035193361	7/1/19-6/30/22	951,180	256,371	694,809
Grand totals				\$ 4,386,990	\$ 262,445	\$ 4,124,545

See independent accountants' report on applying agreed-upon procedures on the schedule of WIOA expenditures by program identifiers and cost categories

**Independent Accountants' Report  
on Applying Agreed-Upon Procedures  
on Department of Human Services  
Supplemental Schedules**

To the County Council of  
County of Delaware, Pennsylvania and Commonwealth of Pennsylvania  
Department of Human Services:

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Human Services (DHS) and management of the Domestic Relations Section of the County of Delaware, Pennsylvania on the DHS financial schedules and exhibits required by the DHS Single Audit Supplement as of and for the year ended June 30, 2019 and December 31, 2019. The County's management is responsible for the financial schedules and exhibits required by the DHS *Single Audit Supplement*. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a) We have agreed by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for fiscal year ended June 30, 2019 and December 31, 2019, have been accurately compiled and reflect the audited books and records of the County of Delaware, Pennsylvania. We have also agreed by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DHS *Single Audit Supplement* pertaining to this period.

<b>Program Name</b>	<b>Page Number</b>	<b>Exhibit Number</b>	<b>Referenced Schedule/Exhibit</b>
Child Support Enforcement	94	A-1(a)	Comparison of Single Audit Expenditures With Reported Expenditures
Child Support Enforcement	95	A-1(c)	Comparison of Reported Incentives to Incentives on Deposit
Child Support Enforcement	96	A-1(d)	Comparison of Single Audit Title IV-D Account With Reported Title IV-D Account
EARN	97	Exhibit II	Schedule of Revenues and Expenditures
Early Intervention Services	98	V(a)	Funding of Program Costs
Early Intervention Services	99	V(b)	Report of Income Expenditures
Block Grant Counties	100	VI(a)	Schedule of Revenues and Expenditures
Block Grant Counties	101	VI(b)	Schedule of Revenues and Expenditures
Early Learning Resource Centers (ELRC)	102	VIII(a)	Report of Income and Expenditures
Early Learning Resource Center	103	VIII(b)	Report of Income and Expenditures
Early Learning Resource Center	104	VIII(c)	Report of Income and Expenditures
Early Learning Resource Center	105	VIII(d)	Report of Income and Expenditures

- b) We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.
- c) The processes detailed in paragraphs (a) and (b) above disclosed the following:
  - No exceptions
- d) With regard to the Reconciliation Supplemental Financial Schedule (Exhibit XX on pages 106 and 107) (the Reconciliation Schedule), we have performed the following procedures:
  - 1. We have agreed by comparison of amounts and classifications the expenditure amounts listed on the Reconciliation Schedule under the Federal Expenditures per the SEFA (column C), which summarizes DHS federal expenditure amounts as of December 31, 2019, have been accurately compiled and reflect the audited books, records and SEFA of the County.
  - 2. We have agreed by comparison of amounts and classifications the program receipt amounts listed on the Reconciliation Schedule under the Federal Awards Received per the audit confirmation reply from Pennsylvania (column D), which summarizes DHS federal receipt amounts as of December 31, 2019, have been accurately compiled and reflect the audited books, records and SEFA of the County.
  - 3. We have recalculated the dollar amount and percentage differences between the Federal Expenditures per the SEFA (column C) and the Federal Awards Received per the audit confirmation reply from Pennsylvania (column D) on the Reconciliation Schedule.
  - 4. We have agreed by comparison to the audited books and records that the dollar amount differences (column E) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.
  - 5. We have agreed by comparison to the audited books and records that the explanation of differences (column G) between the expenditures (column C) and receipts (column D) on the Reconciliation Schedule accurately reflect the audited books and records of the County.
- e) With regard to the Children and Youth Agency Provider Monitoring Schedule (Exhibit XXI on pages 108 and 109) (the CCYA Schedule), we have performed the following procedures:
  - 1. We have reconciled the list of providers under Provider Name column A to the providers who were paid for In-Home Purchased Services during the year according to the County's general ledgers and Act 148 reporting. We did not identify any providers who were paid during the year, but were not included on the CCYA Schedule.
  - 2. We have agreed the response in column B to the appropriate provider contract. We identified two providers who did not have a contract on file.
  - 3. We have agreed the information in columns C through I to the County's Children and Youth Agency monitoring records for In-Home Purchased Service Providers.

The procedures detailed in paragraphs a), b) c), d) and e) above disclosed no adjustments or findings for the period reported upon except for finding in e) 2.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the financial schedules and exhibits required by the DHS *Single Audit Supplement*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of County Council, Domestic Relations Section of the County of Delaware and Commonwealth of Pennsylvania, Department of Human Services, management and others within the County of Delaware, Pennsylvania and is not intended to be, and should not be, used by anyone other than these specified parties.

*Baker Tilly US, LLP*

Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Philadelphia, Pennsylvania  
December 21, 2020

**County of Delaware, Pennsylvania**

Child Support Enforcement

Comparison of Single Audit Expenditures With Reported Expenditures

Year Ended December 31, 2019

Exhibit A-1 (a)

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/Under Reported					
	A. Total		B. Unallowable		C. Incentive Paid Costs	A. Total		B. Unallowable		C. Incentive Paid Costs	A. Total		B. Unallowable		C. Incentive Paid Costs	
					Net (A-B-C)		Amt. Paid			Net (A-B-C)		Amt. Paid			Net (A-B-C)	
<b>Quarter Ending 3/31/2019</b>																
1. Salary and overhead	\$ 2,440,267	\$ 65,587	\$ 820,000	\$ 1,554,680	\$ 1,026,089	\$ 2,440,267	\$ 65,587	\$ 820,000	\$ 1,554,680	\$ 1,026,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	6,799	195	-	6,604	4,359	6,799	195	-	6,604	4,359	-	-	-	-	-	-
4. Blood testing fees	407	-	-	407	269	407	-	-	407	269	-	-	-	-	-	-
5. Blood testing costs	2,387	-	-	2,387	1,575	2,387	-	-	2,387	1,575	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	<u>\$ 2,435,448</u>	<u>\$ 65,392</u>	<u>\$ 820,000</u>	<u>\$ 1,550,056</u>	<u>\$ 1,023,036</u>	<u>\$ 2,435,448</u>	<u>\$ 65,392</u>	<u>\$ 820,000</u>	<u>\$ 1,564,078</u>	<u>\$ 1,023,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Quarter Ending 6/30/2019</b>																
1. Salary and overhead	\$ 2,758,341	\$ 74,497	\$ -	\$ 2,683,844	\$ 1,771,337	\$ 2,758,341	\$ 74,497	\$ -	\$ 2,683,844	\$ 1,771,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	6,072	177	-	5,895	3,891	6,072	177	-	5,895	3,891	-	-	-	-	-	-
4. Blood testing fees	457	-	-	457	302	457	-	-	457	302	-	-	-	-	-	-
5. Blood testing costs	2,444	-	-	2,444	1,613	2,444	-	-	2,444	1,613	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	<u>\$ 2,754,256</u>	<u>\$ 74,320</u>	<u>\$ -</u>	<u>\$ 2,679,936</u>	<u>\$ 1,768,757</u>	<u>\$ 2,754,256</u>	<u>\$ 74,320</u>	<u>\$ -</u>	<u>\$ 2,679,936</u>	<u>\$ 1,768,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Quarter Ending 9/30/2019</b>																
1. Salary and overhead	\$ 2,551,841	\$ 69,733	\$ -	\$ 2,482,108	\$ 1,638,191	\$ 2,551,841	\$ 69,733	\$ -	\$ 2,482,108	\$ 1,638,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	4,978	144	-	4,834	3,190	4,978	144	-	4,834	3,190	-	-	-	-	-	-
4. Blood testing fees	482	-	-	482	318	482	-	-	482	318	-	-	-	-	-	-
5. Blood testing costs	2,426	-	-	2,426	1,601	2,426	-	-	2,426	1,601	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	<u>\$ 2,548,807</u>	<u>\$ 69,589</u>	<u>\$ -</u>	<u>\$ 2,479,218</u>	<u>\$ 1,636,284</u>	<u>\$ 2,548,807</u>	<u>\$ 69,589</u>	<u>\$ -</u>	<u>\$ 2,479,218</u>	<u>\$ 1,636,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Quarter Ending 12/31/2019</b>																
1. Salary and overhead	\$ 2,916,019	\$ 80,812	\$ -	\$ 2,835,207	\$ 1,871,237	\$ 2,916,019	\$ 80,812	\$ -	\$ 2,835,207	\$ 1,871,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Fees and costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Interest and prog income	4,684	137	-	4,547	3,001	4,684	137	-	4,547	3,001	-	-	-	-	-	-
4. Blood testing fees	573	-	-	573	378	573	-	-	573	378	-	-	-	-	-	-
5. Blood testing costs	1,441	-	-	1,441	951	1,441	-	-	1,441	951	-	-	-	-	-	-
6. ADP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Total (1-2-3-4+5+6)	<u>\$ 2,912,203</u>	<u>\$ 80,675</u>	<u>\$ -</u>	<u>\$ 2,831,528</u>	<u>\$ 1,868,809</u>	<u>\$ 2,912,203</u>	<u>\$ 80,675</u>	<u>\$ -</u>	<u>\$ 2,831,528</u>	<u>\$ 1,868,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

Child Support Enforcement

Comparison of Reported Incentives to Incentives on Deposit

Year Ended December 31, 2019

Exhibit A-1(c)

<b>Month</b>	<b>Monthly Statement of Expenditures (MSE) Incentive Paid Cost Worksheet Ending Incentive Balance</b>	<b>Audited Title IV-D Account Incentive Balance **</b>	<b>Type of Account Structure</b>	
			(X)	( )
January 1	\$ 80,475	\$ 58,092		
March 31	266,306	58,300		
June 30	453,235	266,865		
September 30	632,339	634,978		
December 31	190,354	195,529		

\*\* The Audited Title IV-D Account includes three restricted bank accounts. These accounts collectively contain the IV-D reimbursements, incentive payments, and interest earned. The balance reflected on the MSE incentive paid costs worksheets only include the balance of incentive payments as of that date. At each monthly reporting date the IV-D bank statement had at least the amount of reported incentive funds.

**County of Delaware, Pennsylvania**

Child Support Enforcement

Comparison of Single Audit Title IV-D Account With Reported Title IV-D Account

Year Ended December 31, 2019

Exhibit A-1(d)

	<b>Single Audit Title IV-D Account</b>	<b>Reported Title IV-D Account</b>	<b>Single Audit Over/(Under) Reported</b>
Balance at January 1, 2019	\$ 2,775,643	\$ 2,775,643	\$ -
Receipts:			
Reimbursements	6,147,402	6,147,402	-
Incentives	952,262	952,262	-
Title XIX incentives	50	50	-
Interest	70,218	70,218	-
Program income	172	172	-
Genetic testing costs	1,965	1,965	-
Maintenance of effort (MOE)	-	-	-
Other	60,340	60,340	-
Total receipts	7,232,409	7,232,409	-
Intra-fund Transfers - In	-	-	-
Funds available	10,008,052	10,008,052	-
Disbursements:			
Transfers to General Fund	3,215,015	3,215,015	-
Vendor Payments	-	-	-
Bank Charges	-	-	-
Other	-	-	-
Total disbursements	3,215,015	3,215,015	-
Intra-fund Transfers - Out	-	-	-
Balance at December 31, 2019	<u>\$ 6,793,037</u>	<u>\$ 6,793,037</u>	<u>\$ -</u>

The Title IV-D account consists of four checking accounts.

# County of Delaware, Pennsylvania

Schedule of Revenue and Expenditures - Exhibit II

EARN 18-19 4100077677

Year Ended June 30, 2019

	<u>Budgeted Amount</u>	<u>Cumulative YTD Actual Expenses</u>	<u>Balance of Budgeted Amount</u>
Administration Costs			
A. Personnel			
Staff Salaries	\$ 69,622	\$ 28,799	\$ 40,823
Staff Fringe Benefits	30,041	3,903	26,138
Total Salaries/Fringe Benefits	<u>99,663</u>	<u>32,702</u>	<u>66,961</u>
B. Equipment and Supplies	3,213	158	3,055
C. Operating expenses	42,585	6,638	35,947
Total Administration Costs	<u>145,461</u>	<u>39,498</u>	<u>105,963</u>
Program Costs (Direct Training.			
A. Personnel			
Staff Salaries	-	-	-
Staff Fringe Benefits	-	-	-
Total Personnel	<u>-</u>	<u>-</u>	<u>-</u>
B. Equipment and Supplies	-	-	-
C. Operating expenses	-	-	-
D. Other Program Expenses	-	-	-
Total Subcontracted Expenses	<u>800,039</u>	<u>799,879</u>	<u>160</u>
Total Program Costs	<u>\$ 800,039</u>	<u>\$ 799,879</u>	<u>\$ 160</u>
Total Contract Amount	<u>\$ 945,500.00</u>	<u>\$ 839,377.26</u>	<u>\$ 106,122.74</u>

**County of Delaware, Pennsylvania**

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Early Intervention Services  
 Funding of Program Costs  
 Year Ended June 30, 2019  
 Exhibit V(a) EI

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. Early Intervention Services		10235	\$ 553,322	\$ 4,141,958	\$ 4,695,280	\$ 4,695,280	\$ -	\$ -
1. Early Intervention Services		10235	1,175	5,376	6,551	2,855	3,696	3,696
2. Early Intervention Training		10235	5,408	427,148	432,556	432,008	548	548
3. Early Intervention Administration		70170	-	686,536	686,536	686,536	-	-
4. Infants & Toddlers w/Disabilities (Part C)		10235/70184	-	59,990	59,990	59,990	-	-
6. Reserved		00001	-	-	-	-	-	-
Total Early Intervention Services			\$ 559,905	\$ 5,321,008	\$ 5,880,913	\$ 5,876,669	\$ 4,244	\$ 4,244

*See independent accountants' report on applying agreed-upon procedures*

**County of Delaware, Pennsylvania**

Early Intervention Services

Report of Income and Expenditures - Early Intervention

Year Ended June 30, 2019

Exhibit V(b) EI

	<b>Admin Office</b>	<b>Early Intervention</b>	<b>Service Coordination</b>	<b>Total</b>
I. TOTAL ALLOCATION				\$ 5,880,913
II. TOTAL EXPENDITURES	\$ 565,953	\$ 4,609,944	\$ 1,646,623	\$ 6,822,520
III. COSTS OVER ALLOCATION				
A. County Funded Eligible	\$ -	\$ -	\$ -	\$ -
B. County Funded Ineligible	-	-	-	-
C. Other Eligible	-	-	-	-
D. Other Ineligible	-	-	-	-
Subtotal Costs Over Allocation	\$ -	\$ -	\$ -	\$ -
IV. REVENUES				
A. Program Service Fees	\$ -	\$ -	\$ -	\$ -
B. Private Insurance	-	-	-	-
C. Medical Assistance	-	-	267,332	267,332
D. Earned Interest	12	-	-	12
E. Other	25,942	-	6,268	32,210
Subtotal Revenues	\$ 25,954	\$ -	\$ 273,600	\$ 299,554
V. DHS REIMBURSEMENT				
A. DHS Categorical Funding 90%	\$ 432,008	\$ 4,148,950	\$ 1,235,721	\$ 5,816,679
B. DHS Categorical Funding 100%	59,990	-	-	59,990
Subtotal DHS Reimbursement	\$ 491,998	\$ 4,148,950	\$ 1,235,721	\$ 5,876,669
VI. COUNTY MATCH				
10% County Match	\$ 48,001	\$ 460,994	\$ 137,302	\$ 646,297
Subtotal County Match	\$ 48,001	\$ 460,994	\$ 137,302	\$ 646,297
VII. TOTAL DHS REIMB & COUNTY MATCH	\$ 539,999	\$ 4,609,944	\$ 1,373,023	\$ 6,522,966
VIII. TOTAL CARRYOVER				\$ 4,244

See independent accountants' report on applying agreed-upon procedures

**Commonwealth of Pennsylvania**  
**DHS - Bureau of Financial Operations**  
**County Report of Income and Expenditures**  
**County Human Services Block Grant**  
**Fiscal Year 2018 - 2019**  
**Block Grant Summary Report - Delaware County**  
**Schedule of Fund Balances - Summary Report**

County Match (%)	<b>2.06%</b>
Actual County Match (\$)	\$910,765
Actual County Match (%)	2.06%

Revision Number: 3

Sources of Funding:	Appropriation	DHS Allocation (1)	Costs Eligible for DHS Participation						Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
			Mental Health	Intellectual Disabilities	Homeless Assistance	HSS	D&A	Total			
1 State Human Services Block Grant	Multiple	\$44,294,086	\$30,034,340	\$8,356,424	\$2,041,675	\$141,480	\$2,432,150	\$43,006,069	\$1,288,017	\$0	\$1,288,017
2 SSBG	Multiple	\$690,080	\$293,886	\$396,194	\$0	\$0	\$0	\$690,080	\$0	\$0	\$0
3 SABG	80884	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 CMHSBG	70167	\$698,724	\$698,724	\$0	\$0	\$0	\$0	\$698,724	\$0	\$0	\$0
5 MA	70175	\$844,449	\$0	\$844,449	\$0	\$0	\$0	\$844,449	\$0	\$0	\$0
6 Reserved		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total for Block Grant		<b>\$46,527,339</b>	<b>\$31,026,950</b>	<b>\$9,597,067</b>	<b>\$2,041,675</b>	<b>\$141,480</b>	<b>\$2,432,150</b>	<b>\$45,239,322</b>	<b>\$1,288,017</b>	<b>\$0</b>	<b>\$1,288,017</b>

<b>Retained Earnings</b>	
I. Unexpended Allocation	\$1,288,017
II. Maximum Retained Earnings (5%)	\$2,214,704
III. Amount to be Returned to DHS	\$0
IV. Total Requested Retained Earnings	<b>\$1,288,017</b>

<b>Prior Year Retained Earnings</b>	
I. FY 17-18 Retained Earnings	\$1,205,847
II. Total Expended Retained Earnings-5%	\$1,205,847
III. Amount to be Returned to DHS	\$0

See independent accountants' report on applying agreed-upon procedures

**Commonwealth of Pennsylvania**  
**DHS - Bureau of Financial Operations**  
**County Report of Income and Expenditures**  
**County Human Services Block Grant**  
**Fiscal Year 2018 - 2019**  
**Non-Block Grant Summary Report - Delaware County**  
**Schedule of Fund Balances - Summary Report**

Revision Number: 0

	<b>Sources of Funding</b>	<b>Appropriation</b>	<b>Total Carryover (1)</b>	<b>Allotment (2)</b>	<b>DHS Allocation (3)</b>	<b>Costs Eligible for DHS Participation (4)</b>	<b>Balance of Funds (5)</b>	<b>Adjustments (6)</b>	<b>Total Fund Balance (7)</b>
<b>A.</b>	<b>Mental Health Services</b>								
1	State - Employment	10248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	State - Prevention/Early Intervention/Recovery	10248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Federal - Infusing Peer Specialist into Crisis Services - TTI	70127	\$782	\$0	\$782	\$0	\$782	\$0	\$782
4	Federal - PATH Homeless Grant	70154	\$0	\$131,919	\$131,919	\$131,919	\$0	\$0	\$0
5	Federal - CMHSBG-First Episode Psychosis	70167	\$166,371	\$187,216	\$353,587	\$192,216	\$161,371	\$0	\$161,371
6	Federal - CMHSBG -IECMH Endorsement	70167	\$11,200	\$11,200	\$22,400	\$0	\$22,400	\$0	\$22,400
7	Federal - CMHSBG - Housing Training Scholarships	70167	\$5,000	\$5,000	\$10,000	\$0	\$10,000	\$0	\$10,000
8	Federal - CMHSBG - Network of Care	70167	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Federal - CMHSBG - TCM On-line Training	70167	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Federal - PA System of Care Grant	70976	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Federal - Project Launch	71021	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Federal - Bio-Terrorism Hospital Preparedness	80343	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Federal - SERG-Tree of Life	82583	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Reserved		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Mental Health Services		\$183,353	\$335,335	\$518,688	\$324,135	\$194,553	\$0	\$194,553
<b>B.</b>	<b>Intellectual Disabilities Services</b>								
1	Reserved		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Elwyn	10236	\$122,712	\$47,288	\$170,000	\$7,441	\$162,559	\$0	\$162,559
3	One Time Pass Through Non-Block Grant	10255	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Reserved		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Intellectual Disabilities Services		\$122,712	\$47,288	\$170,000	\$7,441	\$162,559	\$0	\$162,559
<b>C.</b>	<b>Total for Non-Block Grant Reporting</b>		<b>\$306,065</b>	<b>\$382,623</b>	<b>\$688,688</b>	<b>\$331,576</b>	<b>\$357,112</b>	<b>\$0</b>	<b>\$357,112</b>

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

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Early Learning Resource Center  
 Report of Income and Expenditures  
 Year Ended June 30, 2019  
 Exhibit VIII(a)  
 Contract No.: 18-215327

	Low Income		Former TANF		<b>LI &amp; FT Total</b>	
	Administration	SERVICE	Administration	Service		
<b>Revenue</b>						
DHS Funds	\$ -	\$ 31,409,138	\$ -	\$ 12,883,618	\$ 44,292,756	
Interest		\$ 10,153		\$ -	\$ 10,153	
Audit Adjustments	\$ -		\$ -		\$ -	
Other (e.g., Penalties)	\$ -		\$ -		\$ -	
Client repayments		\$ 21,121		\$ -	\$ 21,121	
<b>Total Revenue</b>	\$ -	\$ 31,440,412	\$ -	\$ 12,883,618	\$ 44,324,030	
<b>Expenditures</b>						
Final Report Totals	\$ -	\$ 31,332,761	\$ -	\$ 12,804,517	\$ 44,137,278	
Late Service Adjustments		\$ 4,768		\$ 3,290	\$ 8,058	
<b>Total Expenditures</b>	\$ -	\$ 31,337,529	\$ -	\$ 12,807,807	\$ 44,145,336	
<b>Subtotal-LI/FT</b>	\$ -	\$ 102,883	\$ -	\$ 75,811	\$ 178,694	

# **County of Delaware, Pennsylvania**

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Early Learning Resource Center  
Report of Income and Expenditures  
Year Ended June 30, 2019  
Exhibit VIII(b)  
Contract No.: 18-215327

	TANF FSS	TANF Service		TANF Total
		Training	Working	
<b>Revenue</b>				
DHS Funds	\$ -	\$ 2,247,060	\$ 1,421,840	\$ 3,668,900
Interest		\$ -	\$ -	\$ -
Audit Adjustments	\$ -			\$ -
Other (e.g., Penalties)	\$ -			\$ -
<b>Total Revenue</b>	\$ -	\$ 2,247,060	\$ 1,421,840	\$ 3,668,900
<b>Expenditures</b>				
Final Report Totals		\$ 2,157,599	\$ 1,382,893	\$ 3,540,492
Late Service Adjustments		\$ 315	\$ -	\$ 315
<b>Total Expenditures</b>		\$ 2,157,914	\$ 1,382,893	\$ 3,540,807
<b>TOTAL DUE DHS</b>		\$ 89,146	\$ 38,947	\$ 128,093

# **County of Delaware, Pennsylvania**

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Early Learning Resource Center  
Report of Income and Expenditures  
Year Ended June 30, 2019  
Exhibit VIII(c)  
Contract No.: 18-215327

	State MOE/GA FSS	Service		State MOE/GA Total
		State MOE	General	
<b>Revenue</b>				
DHS Funds	\$ -	\$ 1,087,984	\$ -	\$ 1,087,984
Interest		\$ -	\$ -	\$ -
Audit Adjustments	\$ -			\$ -
Other (e.g., Penalties)	\$ -			\$ -
<b>Total Revenue</b>	\$ -	\$ 1,087,984	\$ -	\$ 1,087,984
<b>Expenditures</b>				
Final Report Totals		\$ 1,043,650	\$ -	\$ 1,043,650
<b>Total Expenditures</b>		\$ 1,043,650	\$ -	\$ 1,043,650
<b>TOTAL DUE DHS</b>		\$ 44,334	\$ -	\$ 44,334

# **County of Delaware, Pennsylvania**

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Early Learning Resource Center  
Report of Income and Expenditures  
Year Ended June 30, 2019  
Exhibit VIII(d)  
Contract No.: 18-215327

	<b>Supplemental Nutrition Assistance Program</b>		
	<b>FSS</b>	<b>Service</b>	<b>Total</b>
<b>Revenue</b>			
DHS Funds	\$ -	\$ 244,662	\$ 244,662
Interest		\$ -	\$ -
Audit Adjustments	\$ -		\$ -
Other (e.g., Penalties)	\$ -		\$ -
<b>Total Revenue</b>	\$ -	\$ 244,662	\$ 244,662
<b>Expenditures</b>			
Final Report Totals		\$ 232,163	\$ 232,163
<b>Total Expenditures</b>	\$ -	\$ 232,163	\$ 232,163
<b>TOTAL DUE DHS</b>	\$ -	\$ 12,499	\$ 12,499

**County of Delaware, Pennsylvania**

Reconciliation Supplemental Financial Schedule - Exhibit XX  
Year Ended December 31, 2019

(A)  Grantor/Program Title	(B)  Federal CFDA Number	(C)  Federal Expenditures per the SEFA	(D)  Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	(E)  Difference (C) - (D)	(F)  % Difference (E / D)	(G)  Detailed Explanation of Differences
State matching grants for supplemental nutrition assistance program	10.561	\$ 116,233	\$ 110,573	\$ 5,660	5%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Special education grants for infants & families with disabilities	84.181	644,657	623,718	20,939	3%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Guardianship assistance	93.090	175,593	95,160	80,433	85%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Projects for assistance in transition from homelessness	93.150	114,796	131,919	(17,123)	-13%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Every student succeeds act/preschool development grants	93.434	120,700	120,700	-	0%	
Promoting safe and stable families	93.556	130,324	168,832	(38,508)	-23%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Temporary assistance for needy families	93.558	15,025,060	14,398,840	626,220	4%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Child support enforcement	93.563	7,116,888	6,614,563	502,325	8%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in advance in the early part of the year, not yet fully expended by the end of the year.
Childcare and development block grant	93.575	20,837,884	18,150,687	2,687,197	15%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Childcare mandatory and matching funds of the childcare and development fund	93.596	7,966,748	5,544,579	2,422,169	44%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

Reconciliation Supplemental Financial Schedule - Exhibit XX  
Year Ended December 31, 2019

(A)  Grantor/Program Title	(B)  Federal CFDA Number	(C)  Federal Expenditures per the SEFA	(D)  Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	(E)	(F)	(G)
				Difference (C) - (D)	% Difference (E / D)	Detailed Explanation of Differences
Foster care - Title IV-E	93.658	\$ 5,469,322	\$ 4,822,267	\$ 647,055	13%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Adoption assistance	93.659	3,043,891	2,399,278	644,613	27%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Social Services Block Grant	93.667	3,162,980	3,126,370	36,610	1%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Chafee Foster Care Independence Program	93.674	101,163	46,292	54,871	119%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Medical Assistance Program	93.778	3,360,112	3,681,414	(321,302)	-9%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Opioid STR	93.788	576,848	66,023	510,825	774%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
Block Grants for Community Mental Health Services	93.958	656,352	887,803	(231,451)	-26%	The difference relates to timing of cash receipts compared with cash disbursements and relates to payments received in the early part of the year which were for prior year expenditures and end of year expenditures where receipts were not received by the end of the year.
		<u>\$ 68,619,551</u>	<u>\$ 60,989,018</u>	<u>\$ 7,630,533</u>	<u>13%</u>	

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

Children and Youth Agency Monitoring Schedule - Exhibit XXI

Period Ended June 30, 2019

(A) Provider Name	(B) Does Provider Contract Include Cpsl Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.					(I) Has Provider Implemented the Cap
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was Cap Submitted	(G) Is Cap Acceptable, To Ccya	(H) Follow-up Was Done On Prior Year Monitoring		
Access Services, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Accollective Consulting	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Adelphoi Village	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Alere Toxicology Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
A Second Chance Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Be Proud Foundation	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Bethanna	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Bethany Christian	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Bethany Home Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
CASA/Youth Advocates, Inc.	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Catholic Social Sv	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Chester County Youth Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Child Guidance Resource Centers, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Childrens Choice	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Childrens Home of Easton	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Childrens Home of Reading	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Childrens Home of York	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Christ's Home for Children, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
COBYS Family Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Community Action Agency	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
CONCERN	Yes	1/14/2019	Yes	n/a	n/a	n/a	n/a	n/a	n/a
Cornell Abraxas Group OS, LLC	Yes	5/22/2019	Yes	n/a	n/a	n/a	n/a	n/a	n/a
Deaf Hearing Communication Centre, Inc.	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Delta Community Supports, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Devereux Foundation	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Diakon Child Famly & Community	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Dr. Ira T Kedson	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Duggal, Sheetal, P	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Dybner-madero, Kar	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Elwyn, Inc. - PACT Program	Yes	11/8/2018	Yes	n/a	n/a	n/a	n/a	n/a	n/a
Families United Network	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Family Support Lin	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Friendship House	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
George Junior Repu	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Glen Mills Schools	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Holcomb Associates	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

Children and Youth Agency Monitoring Schedule - Exhibit XXI

Period Ended June 30, 2019

(A) Provider Name	(B) Does Provider Contract Include Cpsl Requirements	(C) Most Recent Monitoring Date	(D) Monitored During the Current Year (Yes/No)	If Column D is Yes.					(I) Has Provider Implemented the Cap
				(E) List Any Exceptions Noted During Current Year Monitoring	(F) If Applicable, Was Cap Submitted	(G) Is Cap Acceptable, To Ccya	(H) Follow-up Was Done On Prior Year Monitoring		
Impact Project	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Justiceworks Youthcare	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Katin, Andrea L	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Kids Peace Corpora	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Language Line Serv	No	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Language Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Maternity Care Coa	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Mechanick, Stephen	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Media Pediatrics	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Merakey Montgomery	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Merakey Pennsylvan	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Methodist Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
New Foundations In	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
National Mentor Healthcare Dba Pa Mentor	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Pathwayspa	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Pinkney's Vineyard	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Presbyterian Child	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Preventative After, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Progressive Life C	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Refuse To Quit Aca	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Rtm Lic, Dba The Academy	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Salvation Army Chi	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Silver Springs Mar	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Step By Step Learning Center	No	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Summers Day Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Surbeck, Catherine	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
The Village	Yes	4/23/2019	Yes	n/a	n/a	n/a	n/a	n/a	n/a
United Youth Community Services, Lic	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Valley Youth House	Yes	7/10/2019	Yes	n/a	n/a	n/a	n/a	n/a	n/a
Vision Quest	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Wesley House Commu	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Woods Services	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a
Youth Service, Inc	Yes	n/a	No	n/a	n/a	n/a	n/a	n/a	n/a

See independent accountants' report on applying agreed-upon procedures

**County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (1920029)

Schedule of Source and Status of Funds

Period From January 1, 2019 to December 31, 2019

	CDBG Funds	Program Income	Other City Funds	Non- City Funds	Total
<b>Total Contract</b> (Final authorized budget)	\$ 651,250				\$ 651,250
Less:					
Funds drawn down, prior year *	278,371				278,371
Funds drawn down, current year *	285,343				285,343
Total funds drawn	563,714				563,714
Funds available for draw	\$ 87,536	None	None	None	\$ 87,536
Total funds drawn	\$ 563,714				\$ 563,714
Add:					
Program income					-
Total funds received	563,714				563,714
Less:					
Program income expended					-
Funds applied, prior year *	278,371				278,371
Funds applied, current year *	285,343				285,343
Total funds applied	563,714				563,714
Total funds due from funding source	None	None	None	None	None
Total funds available for disposition	\$ 87,536	None	None	None	\$ 87,536

\* For purposes of this schedule, current year represents the period from January 1, 2019 to December 31, 2019

# **County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (1920029)

Schedule of Program Expenditures

Period From January 1, 2019 to December 31, 2019

<b>Expenditures</b>	<b>Budget</b>	<b>Expenditures Prior to 1/1/19</b>	<b>Expenditures 1/1/19 to 12/31/2019</b>	<b>Expenditures Cumulative to 12/31/19</b>
Direct personnel	\$ 84,112	\$ 39,620	\$ 44,320	\$ 83,940
Direct fringe benefits	28,822	14,129	13,200	27,329
Professional services	-	-	-	-
Travel	1,350	430	553	983
Occupancy	13,651	1,644	4,906	6,550
Consumable supplies	3,475	336	(99)	237
Other costs	511,250	217,476	219,631	437,107
Indirect costs	8,590	4,736	2,832	7,568
Total	<b>\$ 651,250</b>	<b>\$ 278,371</b>	<b>\$ 285,343</b>	<b>\$ 563,714</b>

# **County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (1920029)

Reconciliation Schedule

Period From January 1, 2019 to December 31, 2019

	<b>Amount Per Books and Records</b>	<b>Amount Per Subrecipient Invoice</b>	<b>Difference</b>
<b>Contract Amount</b>	\$ 651,250	\$ 651,250	\$ -
Program Costs			
Prior Year *	271,103	278,371	(7,268)
Current Year *	<u>292,611</u>	<u>285,343</u>	<u>7,268</u>
Cumulative	<u>\$ 563,714</u>	<u>\$ 563,714</u>	<u>\$ -</u>
Funds Drawn Down			
Prior Year *	\$ 278,371	\$ 278,371	\$ -
Current Year *	<u>285,343</u>	<u>285,343</u>	<u>-</u>
Cumulative	<u>\$ 563,714</u>	<u>\$ 563,714</u>	<u>\$ -</u>

\* For purposes of this schedule, current year represents the period of January 1, 2019 from December 31, 2019

**County of Delaware, Pennsylvania**

Housing Opportunities for Persons with AIDS, City of Philadelphia

Contract Number (1920029)

Schedule of Program Income

Period From January 1, 2019 to December 31, 2019

	Sales Proceeds	Other (Specify)	Total
<b>Program Income</b>			
Program Income Beginning Balance, January 1, 2019	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	-	-	-
Ending Balance, December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (2020059)

Schedule of Source and Status of Funds

Period From January 1, 2019 to December 31, 2019

	CDBG Funds	Program Income	Other City Funds	Non- City Funds	Total
<b>Total Contract</b> (Final authorized budget)	\$ 651,250	\$ -	-	-	\$ 651,250
Less:					
Funds drawn down, prior year *		-			-
Funds drawn down, current year *		<u>268,252</u>			<u>268,252</u>
Total funds drawn		<u>268,252</u>			<u>268,252</u>
Funds available for draw	\$ 382,998	None	None	None	\$ 382,998
Total funds drawn	\$ 268,252				\$ 268,252
Add,					
Program income					-
Total funds received		<u>268,252</u>			<u>268,252</u>
Less:					
Program income expended					-
Funds applied, prior year *		-			-
Funds applied, current year *		<u>268,252</u>			<u>268,252</u>
Total funds applied		<u>268,252</u>			<u>268,252</u>
Total funds due from funding source	None	None	None	None	None
Total funds available for disposition	\$ 382,998	None	None	None	\$ 382,998

\* For purposes of this schedule, current year represents the period from January 1, 2019 to December 31, 2019

# **County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (2020059)

Schedule of Program Expenditures

Period From January 1, 2019 to December 31, 2019

<b>Expenditures</b>	<b>Budget</b>	<b>Expenditures Prior to 1/1/19</b>	<b>Expenditures 1/1/19 to 12/31/2019</b>	<b>Expenditures Cumulative to 12/31/19</b>
Direct personnel	\$ 102,636	\$ -	\$ 49,193	\$ 49,193
Direct fringe benefits	32,099	-	15,018	15,018
Professional services	-	-	-	-
Travel	1,400	-	445	445
Occupancy	13,031	-	1,890	1,890
Consumable supplies	5,308	-	68	68
Other costs	496,776	-	201,638	201,638
Indirect costs	-	-	-	-
Total	<b>\$ 651,250</b>	<b>\$ -</b>	<b>\$ 268,252</b>	<b>\$ 268,252</b>

## **County of Delaware, Pennsylvania**

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Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (2020059)

Reconciliation Schedule

Period From January 1, 2019 to December 31, 2019

	<b>Amount Per Books and Records</b>	<b>Amount Per Subrecipient Invoice</b>	<b>Difference</b>
<b>Contract Amount</b>	\$ 651,250	\$ 651,250	\$ -
Program Costs			
Prior Year *	-	-	-
Current Year *	<u>257,240</u>	<u>268,252</u>	<u>(11,012)</u>
Cumulative	<u>\$ 257,240</u>	<u>\$ 268,252</u>	<u>\$ (11,012)</u>
Funds Drawn Down			
Prior Year *	\$ -	\$ -	\$ -
Current Year *	<u>242,658</u>	<u>268,252</u>	<u>(25,594)</u>
Cumulative	<u>\$ 242,658</u>	<u>\$ 268,252</u>	<u>\$ (25,594)</u>

\* For purposes of this schedule, current year represents the period of January 1, 2019 from December 31, 2019

**County of Delaware, Pennsylvania**

Housing Opportunities for Persons With AIDS, City of Philadelphia

Contract Number (2020059)

Schedule of Program Income

Period From January 1, 2019 to December 31, 2019

	Sales Proceeds	Other (Specify)	Total
<b>Program Income</b>			
Program Income Beginning Balance, January 1, 2019	\$ -	\$ -	\$ -
Add:			
Program income received in current year	-	-	-
Less:			
Program income expended in current year	_____	_____	_____
Ending Balance, December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>